

NATIONAL MUNICIPAL REVIEW

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JULY, 1931

TOTAL No. 181

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THE LEAGUE'S BUSINESS

AUDITOR'S REPORT

NATIONAL MUNICIPAL LEAGUE

BALANCE SHEET, MARCH 31, 1931

ASSETS

Cash:		
In bank.....	\$ 2,758.12	
On hand.....	3.79	
		\$ 2,761.91
Accounts receivable:		
Sales.....	\$ 528.48	
Municipal Administration Service.....	60.00	
Accrued interest on bonds—Portland Prize Fund.....	13.44	
		601.92
Furniture and fixtures.....	\$ 2,526.06	
Less: Reserve for depreciation.....	865.07	
		1,660.99
Portland Prize Fund:		
Investments: (at cost)		
\$100 City of Lyons 6% Bonds due November 1, 1934.....	\$ 99.20	
\$500 Continental Oil Company 5¼% debentures due November 1, 1937.....	487.50	
Uninvested cash.....	13.30	600.00
Total assets.....		\$ 5,624.82

LIABILITIES AND DEFICIT

Accounts payable.....	\$ 6,688.45
Portland Prize Fund.....	600.00
Total liabilities.....	\$ 7,288.45
Deficit.....	1,663.63
Total liabilities, less deficit.....	\$ 5,624.82

STATEMENT OF INCOME AND EXPENSE

FOR THE YEAR ENDED MARCH 31, 1931

Income:		
Contributions.....		\$30,143.50
Dues:		
Annual.....	\$8,389.20	
Sustaining.....	5,402.02	
Contributing.....	675.00	
		14,466.22
Sale of publications.....		4,868.66
Advertising.....		518.87
Royalties.....		175.41
Commission on services.....		234.86
Baldwin Prize.....		100.00
Interest on bonds—Portland Prize Fund.....		32.25
Interest on bank balances.....		22.24
Total income.....		\$50,562.01
Expense:		
Salaries:		
Administrative.....	\$13,487.62	
General.....	9,452.12	
		\$22,939.74
Printing REVIEW.....	6,441.97	
Printing REVIEW supplements.....	1,506.39	
Printing books and pamphlets.....	2,162.80	
Miscellaneous printing.....	502.30	
Rent.....	3,816.72	
Postage and express.....	2,914.55	
Mimeographing.....	1,629.45	
Stationery and office supplies.....	1,182.41	
Books and subscriptions.....	816.50	
Telephone and telegraph.....	566.70	
Clippings.....	638.19	
Traveling.....	592.83	
Contribution—Municipal Administration Service.....	500.00	
Depreciation of office furniture and fixtures.....	211.06	
Convention.....	222.84	
Auditing.....	159.43	
Stencils.....	39.05	
Baldwin Prize.....	100.00	
Portland Prize.....	25.00	
Sundry.....	369.60	
Total expense.....		47,337.53
Net income for year ended March 31, 1931.....		\$ 3,224.48

1 Cedar Street, New York City, April 17, 1931.

SEARLE, MILLER AND COMPANY.

NATIONAL MUNICIPAL REVIEW

VOL. XX, No. 7

JULY, 1931

TOTAL No. 181

EDITORIAL COMMENT

We propose a new constitutional amendment to lay a perpetual embargo upon visits by parties of American mayors to foreign countries. The prestige of American municipal government is low enough abroad without artificial depression by the follies and gaucheries of junketing mayors.

*

An example of the healthy unrest in public administration is the Conference on University Training for the National Service to be held at the University of Minnesota, July 14-17. It is sponsored by the University, the United States Civil Service Commission and other agencies and departments of the federal government. Topics to be considered include the national civil service as a career for college graduates, student and faculty attitudes towards public service, the functions of universities in training for such service, and problems of curricula. The personnel in attendance will include prominent officials of the United States government and representatives of universities and institutions which are developing work in this field.

*

John M. Glenn, who has served as general director of the Russell Sage Foundation since its organization twenty-four years ago, has resigned his post but will continue to serve as one

of the trustees. Shelby M. Harrison, who has served as vice-general director for a number of years, will succeed Mr. Glenn. Under Mr. Glenn's direction the total amount appropriated by the Foundation to work of other agencies has amounted to approximately \$4,000,000. In addition the Foundation maintains a permanent staff for the study of current social and community problems. One of the first of its grants was for the famous Pittsburgh Survey, and recently upwards of \$1,000,000 has been applied to the work of the Regional Plan of New York and Its Environs. During Mr. Glenn's administration the Russell Sage Foundation became a leader in progressive community development. Under Mr. Harrison's leadership we confidently anticipate continued growth and influence.

*

To Study the
Federal Service
as a Career

The Council of Personnel Administration, which was established by executive order of President Hoover, has begun a study of the present personnel practices of the federal government, which, in the words of the President, "shall serve as a basis for improvements in selection, flexibility of registers, announcements, transfers, promotions, training, and coördination of personnel activities

and administration, and shall indicate the extent to which the government service does offer, or can be made to offer, a partial or a permanent career."

The function of the Council is to study the operation of the various departments and independent establishments, in order that, so far as personnel is concerned, they may be administered less as independent organizations and more as component parts of a large organization. The initial inquiry is to be confined to the 15,000 professional, scientific, and technical workers of the government.

One chief objective is the improvement of the federal service as a career. It is realized that many competent employees leave because they find themselves in blind alleys in the particular departments in which they are employed, although original appointments of higher grades are being made in other departments to positions which might well be filled by transfers of those already in the service. The present inquiry will determine progress made by employees since they entered the service, the qualifications they may possess for other work, and the possibilities of promotion in the service as a whole.

We have had frequent evidence recently that authorities at Washington charged with personnel administration are concerning themselves with improving the attractiveness of public service as a career. On a number of occasions President Campbell of the United States Civil Service Commission has pointed out the opportunities in the federal service for college graduates or other trained persons. The organization of the Council of Personnel Administration is another sign of the enlarged scope and widening implications of the merit system. No longer can civil service reform be defined

merely in terms of the elimination of the spoils system.

*

Slum Abolition in Great Britain

According to H. Chapman, writing in *The Municipal Review of Canada*, 1,463,000 working-class houses have been built in Great Britain since the war. Of these 939,030 were constructed with the aid of public subsidies. The present subsidy, under the 1924 law, is £7 10s. per house per year for forty years in towns and £11 in agricultural parishes. Local authorities make an additional annual contribution of £3 15s. per house for the same period. The regulations are such that speculation for private profit is practically impossible.

Great Britain is also continuing her slum clearance program under government subsidies. A bill introduced by the minister of health, now being considered by Parliament, will expedite procedure in slum clearance and will increase government aid for the rehousing of persons whose dwellings are demolished.

By passing this bill England commits herself to the policy of government subsidies for housing the lower income groups. The provision of decent housing is considered by the English to be just as legitimate an object of taxation as public health or poor relief.

The United States, on the contrary, still continues to rely upon the private profit motive for clearing her slums and decently housing her unskilled wage-earners. The American people are not yet prepared to apply state socialism to the extent of England, but some method of treatment must be devised more effective than the moderate provisions of the New York state housing law, whose limited dividend companies have developed no appeal for the commercial builder.

HEADLINES

A flock of bills which would have permitted Pennsylvania municipalities of varying size to adopt the manager plan were defeated in the legislature. Vigorous movements for the plan in both Philadelphia and Pittsburgh failed to muster sufficient legislative support for success. But Pennsylvania has heard much of the manager plan and P. R., and the legislature will meet again!

* * *

Constitutional amendments to permit the use of P. R. in city and county elections in California have been approved by the legislature and go to the voters of the state for ratification. P. R. was adopted by Sacramento in 1920 but declared unconstitutional by the supreme court.

* * *

In the midst of an exciting chase after political crooks, a few New Yorkers are giving serious consideration to a permanent solution to the perennial problem. Charter revision is urged by the Women's City Club and other civic groups, with sheep's eyes being cast at the manager plan.

* * *

The cornerstone of a new taxation program for Ohio was laid when the lower house passed a bill to classify and tax intangibles.

* * *

Bleeding radiators and seriously wounded fenders were the only casualties when 200 women motorists took graduation tests at the Evanston Police Drivers' school.

* * *

Among the legislative curiosities reminiscent of an earlier day was the bill introduced by a Tennessee senator to permit one of his constituents to treat cancer with a salve of his own invention. Lydia Pinkham to the rescue!

* * *

Payless pay days came again last month for Chicago school teachers as the time for them to collect their salaries found the city head over heels in debt and with only a few thousand dollars in the treasury. At last reports, the Illinois legislature was still inclined to let Chicago stew in her own juice.

* * *

Behold the political—at least the taxpayers'—millennium! Manager Henry L. Gork of East Grand Rapids refused a salary increase of \$2,500, taking only \$1,500. The city attorney also refused to accept an increase. This in the face of the fact that the city manager régime had saved the city approximately \$40,000 in the preceding 11 months.

* * *

A bill to create a state commission of inquiry into county, township and school district government was passed unanimously by the Michigan house of representatives. The bill originated in the senate.

A state regional planning commission has been created by the Wisconsin legislature. It will be composed of the chief engineer, one member from the railroad, highway and industrial commissions, the state health officer, the director of conservation, and the director of regional planning.

* * *

The "Indiana Plan" bill, providing for a review by the state of proposed expenditures by local governmental units, was defeated in the Michigan legislature, despite, or perhaps because of, a special message from the governor advocating its passage.

* * *

A proposed county home rule amendment was defeated in the Texas legislature when, though passed by a majority vote, it failed to secure the two-thirds necessary for submission to the people.

Theft of \$207,000 in public welfare funds by a \$55-a-week clerk, has stirred Detroit as no other crime in years. The money went for a \$7,000 automobile, an expensive motorboat and other luxuries. "Delusions of grandeur," say the psychiatrists, while people ponder how he got away with it.

* * *

The first state tobacco tax in the history of Ohio will be levied if a bill providing for tax of two cents a pack which has passed the senate is approved by the house. Time for the tobacco lobby to go into a huddle!

* * *

"The reorganization of the local governments in the interests of lower costs and lower taxes is the biggest and most important question before the citizens of this state," declares the commission to investigate county and municipal taxation and expenditures of New Jersey of which Dr. Harley L. Lutz is director. With this clarion call to arms the commission recommends radical revamping of local areas and functions.

* * *

A ten-year plan for public improvements in the city and county of Kansas City, Missouri, entailing twenty projects to cost \$40,000,000, was carried by a vote of four to one.

HOWARD P. JONES.

GEMS OF GUBERNATORIAL WISDOM

CULLED BY HARVEY WALKER FROM GOVERNORS' MESSAGES
OF 1931

Some you will agree with; some you will not agree with; some, perhaps, you will not understand. :: :: :: :: :: ::

The credit of the state is beyond question. No bank has ever failed to let us have all that we have asked for.—*Graves, Alabama.*

Prohibition is no experiment. It is a noble principle.—*Miller, Alabama.*

It must be kept economically possible for a man to avoid going to prison.—*Green, Michigan.*

The wisdom of our Fathers was never more strikingly demonstrated than in the sound constitutional provision which prevents the state from assuming bonded indebtedness in order to meet the financial demands of expanding modern government.—*Leslie, Indiana.*

It is a well-established principle of the government of the United States that territory as well as population has a right to representation in legislative bodies.—*Emmerson, Illinois.*

Only when administration fails should we turn to legislation.—*Brucker, Michigan.*

We are the recipients of a clear mandate from a noble constituency. . . . —*Turner, Iowa.*

We are only one link in the chain of state administration.—*Woodring, Kansas.*

Any man who could foretell the outcome of business ventures unerringly would be worth \$1,000,000 a year to the financiers of Wall Street. He would not be available for the office of securities commissioner at a salary of \$4,500.—*Christianson, Minnesota.*

The platform is an obligation second only to the constitution itself.—*Sterling, Texas.*

Party platforms are solemn covenants with the people.—*Moody, Texas.*

This tentative program . . . is based upon the platform promises and pledges on which the administration was elected to office. It is, in other words, the mandate of the people . . . which neither you . . . nor I . . . have the right or authority to disregard.—*Seligman, New Mexico.*

Excessive taxes were an important contributing factor in creating the present economic depression.—*Adams, Colorado.*

There is a certain ferocity for righteousness which brings about turmoil and strife to no end and this is to be altogether deplored as inconsistent with the general well being of the people.—*Rolph, California.*

The poorhouse should be abolished forever.—*Meier, Oregon.*

Perhaps the people of the state should not look a gift horse in the mouth, but they can be permitted a little skepticism when upon closer examination it resem-

bles a nice large white elephant. (Referring to an offer of the federal government to turn over certain public lands to the state.)—*Norblad, Oregon.*

Administrative functions carried on by ex officio committees and boards have proved diabolical, extravagant, incompetent and unbusinesslike.—*Hartley, Washington.*

I have viewed with gravest concern the continued efforts of federal departments and bureaus to encroach upon the jurisdiction and sovereignty of the state.—*Hunt, Arizona.*

We should protect our Christian Sunday and prevent it being commercialized by amusement operated for gain.—*Graves, Alabama.*

I have been enjoined by the courts more than any governor in the history of the state.—*Richards, South Carolina.*

Many a man is sent to prison, but it is his wife and children and the taxpayer who are punished.—*Conley, West Virginia.*

The automobile is an inherently dangerous instrumentality.—*Ely, Massachusetts.*

The two main factors entering into good administration are thorough organization and a force of employees well trained, loyal and industrious. . . . No administration can succeed without the support of public opinion.—*Fisher, Pennsylvania.*

It should be easy for the people to see their governor.—*Pinchot, Pennsylvania.*

The old governmental system of guilds is one of the best forms of government ever devised.—*Larson, New Jersey.*

Remember that the purpose of government is to protect the people by restraining unwise and evil conduct and by encouraging wise and virtuous action, not to repeal the laws of human nature nor to suspend the laws of economics.—*Shafer, North Dakota.*

I recommend that all discrimination between citizens be wiped from the statute books by the repeal of the intangible tax law, so that the citizens will be one hundred per cent American in the manner in which they pay their taxes as well as in their patriotism.—*Bryan, Nebraska.*

You are fresh from the people. Their wishes as expressed at the ballot box are fresh in your memories. There can be no mistake in their command.—*Horton, Tennessee.*

The collecting together of thousands in a university does not at all improve it. . . . The average university graduate acquires a taste far beyond his ability to satisfy. . . . No university ever made a brain.—*Murray, Oklahoma.*

ROTTEN BOROUGHS IN GEORGIA

BY CULLEN B. GOSNELL

Emory University

Unfair representation at its worst. No regard is paid either to population or taxpaying. The basis is wholly arbitrary. :: :: ::

SINCE the appearance of the boll-weevil in Georgia about ten years ago, there has been a very marked migration from the farms of the state. It is said, on good authority, that 60,000 Georgia farms have been abandoned during this period. A very large percentage of these migrants are negroes, many of whom have departed for the East and Middle West. Many others, however, have moved into cities of the state. Atlanta now claims over 367,000 people;¹ in 1920 it had only 200,616. The 1930 census shows that Georgia has gained only 12,674 people, or four-tenths of one per cent, in the past ten years. The increase in population in the previous ten-year period was 286,711, or eleven per cent.

RURAL COUNTIES GROSSLY OVER-REPRESENTED

A few examples of losses and gains in population by counties will show the large degree of change that has taken place. By the 1930 census figures, 104 of the 161 counties lost population to the amount of 249,441 people, or an average of 2,398 for each county. But in spite of population losses, which have been confined to the rural counties of the state, representation of such coun-

¹ A case is now pending before the Supreme Court of the United States in which Atlanta is suing the director of the census for not publishing the figures for Greater Atlanta which gives the city over 367,000 people. Under the Greater Atlanta Act passed by the state legislature, in 1929, several suburban towns were included with Atlanta to form Greater Atlanta.

ties in the Georgia legislature has not been changed. Every one of the 161 counties in Georgia has at least one representative in the lower house of the legislature. Article III, Section 3, of the Constitution of Georgia says:

The House of Representatives shall consist of representatives apportioned among the several counties of the state as such counties are marked and defined and as the same may be hereafter created as follows: To the eight counties having the largest population, three representatives each; to the thirty counties having the next largest population, two representatives each; and the remaining counties, one representative each. . . .

The eight counties having three representatives each are: Bibb, Chatham, DeKalb, Floyd, Fulton, Laurens, Muscogee, and Richmond.

The Constitution of Georgia does not permit the legislature to increase the number of representatives. Article III, Section 3, Paragraph 2, of the Constitution reads:

The above apportionment shall be changed by the General Assembly at its first session after each census taken by the United States government, so as to give the six counties having the largest population three representatives each; and to the next twenty-six counties having the next largest population two representatives each; but in no event shall the aggregate number of representatives be increased.²

² A constitutional amendment was passed in 1920 changing the number of counties having three representatives each from six to eight and increasing the number of those having two from 26 to 30.

The only way, then, that the total number of representatives can be augmented is by a change in the fundamental law.

In Georgia there are many examples of unequal representation. Fulton County has 318,587 people, Echols County has 2,744; yet Fulton has only three representatives in the house of representatives, while Echols has one. In other words, Echols County has one-third as many representatives as Fulton, although it has less than one-hundredth as many people. Floyd County with a population of 48,864 has the same representation as Fulton County. The nine smallest counties have a total of 36,434 people, only approximately 4,000 more than Laurens County, yet they have a total of nine representatives in the lower house, while Laurens has three.

The most extreme case, however, is that of Fulton County. The forty-six smallest counties in the state have a total of 308,170 people, or about 10,000 less than Fulton County, yet they boast 46 representatives in the house of representatives, while Fulton must rest content with three. There are 123 counties which have one representative each in the lower house.

REPRESENTATION AND TAXES

A comparison of taxes paid to the state by the people of various counties is interesting here, although it must be understood that the writer holds no brief for representation exclusively according to taxation. Fulton County pays 24 per cent of all state taxes, while the 33 smallest counties together pay only 4 per cent; 80 counties combined pay 21 per cent, or 3 per cent less than Fulton alone. There are some counties with less than a million dollars in property valuation.

INFLUENCE ON PARTY NOMINATIONS

This unfair system gives the rural counties of Georgia a preponderance of

power in the choice of state officials and congressmen. The unit system of nomination used by the Democratic party in this state is based upon representation in the lower house of the general assembly. Each county has twice as many unit votes as it has representatives. Primaries for the selection of Democratic candidates for state offices and for congress take place on the second Wednesday in September of even years. The candidate for each office who secures a plurality of the popular votes in any county receives all of the unit votes of that county. Under the Neill Law of 1917, nominees for governor and for United States senator must secure a majority of the unit vote of the state or 208 (the total is 414); minor state house officials are required to have only a plurality of the unit votes. The candidates for governor select delegates¹ to the Georgia Democratic Convention which takes place about three weeks after the primary. These delegates vote for the candidates that have been successful in their respective counties. Delegates are chosen from each county, usually two for each unit vote their county is entitled to, each delegate thus having one-half vote. Formal nomination of the candidates for United States senator, governor, and minor state officers takes place at the state convention.

Under this pernicious unit system, it is possible for the small rural counties to outvote the urban centers. It requires 208 unit votes to nominate a candidate for governor or a candidate for the United States Senate. The 123 rural counties with two unit votes each, have a total of 246 unit votes, or more than enough to nominate a candidate. Many of the small counties cast less than 400 votes in Democratic prima-

¹ If a run-over primary is necessary in order to choose nominees for governor, the two run-over candidates pick the delegates.

ries, yet each has two unit votes. One little county (Dawson) cast a total of 70 votes in the second primary last fall, but it had two unit votes in the convention, or one-third the nomination strength of Fulton County which cast nearly 10,000 votes in the same primary.

It should be stated here that Democratic nomination in Georgia is equivalent to election. The Republican party does not put out candidates for state offices nor for the United States Senate, and rarely does it run candidates for the House of Representatives at Washington. One can easily see how the urban centers are "hog tied" in Georgia in every way. It is very rare that a man from one of the larger cities is elected to a high office by the people of the state. He might be able to muster many popular votes, but they do not count in the long run.

SENATE REPRESENTATION UNFAIR ALSO

Furthermore, representation in the Georgia Senate is unequal, although it is not so startling as in the lower house. There are fifty-one districts in the state, each returning one senator. Districts are composed generally of three counties and not more than four. Fulton County is in the thirty-fifth district with Clayton and Henry Counties; these three counties have a total population of 344,771. Now, the thirty-second district is made up of Dawson, Lumpkin, and White Counties with a combined population of 14,485.

A curious custom has grown up in the Democratic party in this state for the nomination of candidates to the Georgia Senate by which seats are rotated among the counties of a senatorial district. Each county in a district has its "turn." Not only does the man come from the county which is next in rotation, but in many districts that county nominates him while the other two or three counties in the district do not

even vote for senator. By this custom, the people are represented only two out of six years. Thus Rockdale County with its four or five hundred voters will elect the senator in the thirty-fifth district while the six or seven thousand voters in DeKalb County will have nothing to say about it.

What hope is there in Georgia for a more equal representation? It will be necessary to have a constitutional convention in the state before this problem can be solved. There is a strong movement on foot for a new constitution at the present time. The civic clubs and various other organizations are backing this movement, but the press of the state is probably doing more to bring it about. One individual should be singled out for his splendid work along this line; this is Judge Orville A. Park of Macon.

DIFFICULTY OF AMENDING THE CONSTITUTION

And yet, what chances there are seem to be in the remote future, for the constitution provides that a constitutional convention cannot be held until two-thirds of both houses of the legislature give their assent; and it further prescribes that the delegates to a constitutional convention must be distributed, as nearly as possible, according to population. It will be difficult to get the small rural counties to agree to a convention, for they realize that such a convention would very probably do away with the unequal system of representation. These counties are in the "saddle" now and I fear it will be very hard to unseat them. If pressure is brought to bear, however, they may yield in the long run. The people are being told now that the state is standing still in population due to the urgent need of a new constitution. A campaign of education may bring about the desired result.

PITTSBURGH'S CITY ADMINISTRATION UNDERGOING REPAIRS

BY ELBERT EIBLING

University of Pittsburgh

*Improved practices follow exposures in departments of supplies and
public works. :: :: :: :: :: :: :: :: ::*

Two departments of the government of Pittsburgh have been under investigation recently. First, in point of time and importance, is that dealing with the department of supplies, while the other concerns the department of public works. It seems best to discuss the latter first for reasons which will appear evident later.

Early in March, former City Controller Evans asked in a letter to council for an investigation of the department of public works, charging waste and inefficiency and expressing the belief that fraud was practiced. Director Lang was quick to welcome an open hearing, and council promptly voted for a quiz.

This investigation consumed about five weeks during March and April, and, although it revealed no downright fraudulent activity, it established the fact that too close associations existed between some city employees and certain city contractors. In the matter of appointments, the director seems to have a free hand regarding technical positions, but there is admittedly some interference by the mayor in the selection of inspectors. The director has suggested that inspection be done by a private concern.

Indeed, Pittsburgh has an inspection system of doubtful value. The bureau of tests has just recently begun testing sidewalks laid in 1930, and to date every one has been found to be under specifications. Why these facts have

not been discovered earlier is not explained.

EXTRAS FOR STREETS AND SEWERS

Mr. Evans charges that \$1,100,000 was spent in 1926, 1927, and 1928 as extras on street and sewer contracts (13.3 per cent of the total), were substantiated. As the result of changes made in 1929, the percentage since that time has fallen to seven. A committee of five engineers, named by the Engineering Society of Western Pennsylvania and paid by the city, are now surveying the department's methods in drafting specifications and in the awarding and prosecuting of contracts. The director throughout the probe declared himself willing to improve the system and correct proven defects.

The department of health came in for some attention in relation to the letting of the contract for garbage collection. Mr. Evans charged that one of the two concerns handling the city's business made 31.4 per cent net profit in 1930. As a result, bids will be asked for much earlier this year, and the department is studying the feasibility of developing a city incineration system.

THE FOOD SCANDAL

We revert now to the "food scandal," the colloquial term for the revelations in relation to the department of supplies. Early in February, a wholesale grocery dealer in a letter to council charged favoritism and extravagance

in the purchase of canned goods. Mayor Kline, to whom council referred the charges, conducted a brief secret investigation, which was in reality merely an informal conference between the mayor, controller, the accused director, and representatives of wholesale grocery firms. No member of the district attorney's office was present, and the author of the original charges refused to attend, demanding a public hearing. It is highly significant that the law regulating second-class cities (Pittsburgh) makes the mayor jointly responsible in the letting of contracts by providing that, "Every contract shall be let by the Mayor and head of the proper department."

As the report of the mayor to council was repeatedly postponed, the public became suspicious. Finally, the chief executive reported "visible irregularities" in the department, dismissed the director for exercising "poor business judgment," and made the tantalizing pronouncement that hereafter city institutions would be furnished with pink instead of red salmon.

Mr. Succop, the dismissed official if not also the goat, made no statement at this or at any later time. The League of Women Voters, supported by the entire press, demanded an open hearing. Although every member of council had earlier declared for this if the mayor failed to put his own house in order and in spite of the widespread condemnation of the executive's shallow report, council refused by a seven to two vote to investigate the accused department. Embarrassed members of the "mayor's majority" quoted the scriptures in defense but were met with laughter from the crowded chamber.

Civic groups roundly denounced council's action, and a citizens' committee was speedily formed to join with the league in financing an independent audit of the books of the

accused department. The controller, it is true, had approved an audit earlier, in spite of the solicitor's ruling that the law did not require such. For over two months two private accounting firms have been checking the 1929 and 1930 accounts of the department of supplies. Both apparently have finished their work, but no definite discoveries have been made public, and there is little likelihood that any will be revealed if the matter is placed before the grand jury, whose proceedings will be secret. Representatives of the citizens' committee have held several conferences with the district attorney, and the chairman of this group repeatedly maintains that the prosecutor is cooperating fully with them. The committee has retained competent counsel and has on the whole approached the problem from the realistic rather than the reformist point of view. It seems to have the confidence of the most cynical. An audit by the controller's accountants alone might have brought all irregularities to light, but it is certain that public confidence would have been found wanting.

Many intelligent Pittsburghers probably assume a much worse condition than really exists. It is difficult to understand, however, why no one has demanded a probe into the police department, which common knowledge holds to be the most obvious hope of politicians. It is this department that suffered most for not heeding the mayor's warnings in his famous "bread and butter" speech during the last mayoralty campaign.

HIGH BIDDERS HABITUALLY FAVORED

In spite of the secrecy of the audits, certain facts have been ascertained. The department of supplies habitually purchased from high bidders, and one firm sold the city 62 per cent of all canned goods used at city institutions.

This company, it is true, sold the state of Pennsylvania 32 per cent of its supply, but at a much lower price. No samples have been tested for quality since September, 1929, when the favored firm won the large yearly contract at a time of peak prices. In September, 1930, \$10,000 worth of canned goods were purchased of the same company within an eight-day period, and, plainly in order to evade the law requiring that bids be asked for in purchases over \$500, the order was split up into units of less than that amount. Similar methods were used for the purchase of other supplies. On meat bids, for example, the lowest bidder was determined by the aggregate listing on 30 different cuts. The dealer who listed steak at one cent and veal cutlets at 70 cents per pound got the contract. Needless to say it was veal cutlets, not sirloins, which were purchased.

Recently, clear disregard of the state law, which requires all contracts be let to the "lowest responsible bidder," has been revealed by a city newspaper.

When the city advertised for bids on five two and one-half ton trucks, twenty firms submitted quotations. Two were purchased from the very highest bidder and three from two different firms who bid the same but not as low as nine other firms. The records reveal nothing which would suggest that any of the twenty did not meet specifications or were not responsible.

That such practice is illegal is made clear by a recent Pennsylvania Supreme Court decision in the so-called Water Meter Case decided on May 11. The director of supplies (the same director involved in the investigation) awarded a contract for 3,000 water meters at \$27,996, ignoring a \$26,092 bid. His defense was that the low bid was "unbalanced," but the court said, "Once it

is determined which of the bidders are responsible, discretion ends; the contract must be awarded if at all, to the lowest responsible bidder."

PRESS ATTACKS UNANIMOUS

The city press—composed of three newspapers representing the Scripps-Howard, Block and Hearst interest—has attacked the administration with unanimity and severity. All have been pragmatic enough to see the publicity value in such things as the purchase of a \$1,950 rug and expensive chandeliers for the mayor's office, and six \$122 custom-built tires for his city-owned automobile, all beyond the \$500 limit and all without asking for bids. By examining city records one paper discovered that council had spent over one-half million dollars since January, 1929, without bids, some for extras on contracts, some when a real emergency arose, but \$122,000 apparently under the assumed authority of the so-called Wallace act of 1874, a general law regulating and classifying Pennsylvania cities. This act provides that, "No ordinance shall be passed except by a two-thirds vote of both councils, and approved by the mayor, giving any extra compensation to any . . . contractor after . . . contract made, nor providing for the payment of any claim against the city, without previous authority of law."

Interpretation of this law is interesting to students of municipal government. The state Supreme Court has said that, "Under the authority given to councils by this act, it would seem clear that they are given the power to pay extra compensation or to pay bills for work done for the city under illegal contracts or even when there was no contract."¹ In another case the

¹ *Edwin H. Vare v. John M. Walton, City Controller of the County of Philadelphia*, 236 Pa. 468 (1912).

United States Circuit Court agreed in the interpretation of the law and in the belief that it is to the legislature that the public must look for the remedy.¹

It seems that it is the first mentioned case upon which council, the city controller, and the law department rely. Laws regulating the government of Pittsburgh have been passed largely since 1874, but whether they would nullify the Wallace act with respect to the matter under discussion has apparently never been decided by the courts. The question may be an academic one, but since the act of 1874 is negatively stated it appears that a law definitely repealing that particular feature would be necessary if the taxpayer is to be protected, by anything but his own vigilance, against a careless council over-tolerant of loose administrative practices.

POLITICAL BIASING ON KLINE ADMINISTRATION

Political effects are already evident. Although a previously planned fight

to get the state legislature to allow the city the option of adopting the city manager form of government under proportional representation was undoubtedly aided in some respects by the disclosures, the proposal failed in the lower house by a few votes—the Pittsburgh delegation voting almost solidly against it. Civic organizations are even now laying plans for a fight at the next election of state representatives. That is almost two years hence, but the city is not to wait that long. The East End Independent Political Club is openly planning to fight adherents of the Kline organization in the fall primaries.

So as things now stand a group of engineers continue their investigation of public works; Mr. Evans awaits the return of the mayor to his office that he may question him regarding political appointments in the department of public works (the mayor has been absent from duty for about two months, due partly to sickness); and lastly the citizens' committee have placed their findings before the district attorney and a grand jury investigation seems likely to follow.

¹ *Valentine Clark Co. v. Allegheny City*, 143 Fed. Rep. 644 (1906).

DETROIT FEEDS ITS HUNGRY

BY WILLIAM P. LOVETT

Secretary, Detroit Citizens' League

Detroit has been appropriating more than \$1,500,000 per month for public relief. Approximately 45,000 families have been on the relief roll for more than a year. But politics and fraud have marred the record. :: :: :: :: :: :: :: :: ::

IF one learns best by doing, Detroit's past hectic year of struggle must have left the city a rich experience, at least. Beginning with Mayor Charles Bowles, who was recalled from office by popular vote July 22 last, the year has been kaleidoscopic indeed. Mayor Frank Murphy took hold last September, after making unemployment relief practically his entire platform. Since then we have had the benefit of the Cincinnati plan and all the other municipal plans. Yet our mayor told his Unemployment Committee as late as May 12, "We must bend all our efforts toward getting federal aid to relieve our current emergency caused by unemployment; meantime we must organize ourselves in preparation for this aid."

On the credit side the record shows a major city tackling without hesitation a situation filled with perils, difficulties, and impossible problems. To do this we made no new decision. The city always had furnished welfare relief most generously to its unemployed. This situation differed in its size, and in its unexpected duration. But even when the stringency of the general depression was aggravated by a municipal welfare deficit of \$15,000,000 and still mounting, the city continued to believe in its ability to find a way out.

In December, 1929, when the effects of the national crash in the stock market were beginning to be appre-

ciated, alarm was sounded by our United States Senator, James Couzens, former mayor. Before the annual meeting of the powerful Michigan Manufacturers' Association he pictured the acute problem of seasonal unemployment in Detroit's automobile industry. He challenged industrial leaders to show "a will to do," and to make an attempt to solve this and related problems, if they would avoid the disagreeable alternative of action by the government. It developed later that certain few plants had made sincere efforts to stabilize employment, but without significant results.

Mayor Bowles' brief reign was in a literal sea of troubles: the ship of state pitched and rolled as if it had lost its rudder. In a badly divided field of candidates Judge Frank Murphy, by a bare plurality, was chosen mayor in September, 1930, having the vigorous support of the Hearst paper. For a dozen years the city, under a modern charter, had heard much about efficiency and economy; the common man now was led to believe that he had been overlooked. Advantage was taken of a unique political opportunity.

NEW MAYOR PROMISED FOOD FOR ALL

While the city faced financial deficit and unemployment, Judge Murphy thrilled thousands of voters with ringing emotional appeals for recognition of the human values. He forecast

"the dew and sunshine of a new day"—a phrase frequently echoed more recently to his apparent discomfiture. He demanded old-age pensions, unemployment insurance, and insisted that no human being would be without food or shelter if he were elected mayor.

On that program Mayor Murphy was elected. That has been the program since he took office last September. (That always was Detroit's program.) Nobody has gone without food or shelter. But with the state legislature in session almost five months, the bills for old-age pensions and unemployment insurance were among the missing.

The basic problem of the city budget for the year beginning July 1 next has been handled with amazing success by city officials and citizen agencies working in close coöperation; this includes the deficit in current expenses, the varying welfare fund deficit of millions, and certain borrowings. But the only thing we have proved, as to unemployment relief by the city government, is that conditions made the problem too big for the city alone to solve in any ideal fashion.

Perhaps Cincinnati showed superior wisdom by preparedness. Or Cincinnati, like all the others, could not equal Detroit in the number and size of its difficulties. When has any American city past or present appropriated more than \$1,500,000 a month, over a period of many months, to public relief? (No wonder Mayor Murphy called it a famine!) Is it not a new record for a city to carry 45,000 families on its relief roll for most of a year?

Mayor Murphy began by naming a huge citizens' committee, more than a hundred men and women from all groups and classes—industry, labor, business, religion, society and civic affairs. Numerous sub-committees were formed. Other committees were added and multiplied, till the count was

lost. In May the five latest committees were: for investigation of welfare food budgets, for study of the milk problem for indigent families, committee on pre-natal and infant care, labor committee, and committee on old-age pensions. Some of these may be survivals, or revivals, but they have been announced as new.

COMMUNITY CHEST INADEQUATE FOR EMERGENCY RELIEF

Our community chest, running annually above \$3,000,000, secures funds for the maintenance of eighty organizations but emergency relief customarily is handled through the city or county governments; hence public appeals for private gifts were neither made nor expected. Like snow removal, the city fathers have put into the budget each year a nominal amount for welfare relief, later granting over-drafts and creating deficits according to needs. Thus the city always has been prepared yet unprepared, generous but quite unscientific in its methods. Like our industrial growth and financial prosperity we always had enough to go round—so, why worry?

For the unemployment committee the city council appropriated \$35,000; city employees added as much more by their personal donations. A flock of secretaries was engaged and things hummed, chiefly in the office of the mayor. The natural procedure was followed: to list the unemployed men and their families, see that necessary food, lodging, fuel, shelter and clothing were provided, locate workingmen in jobs, private or municipal, wherever possible, weed out non-residents and unworthy, care for the sick, etc.

Granting his sincerity, good intentions, and enthusiasm, the mayor's obvious lack of any definite plan, in dealing with tasks so many and so great, opened wide the doors of contro-

versy and criticism. "The whole mess might have been prevented, or vastly changed, if more good judgment had been exercised at the beginning"—so affirm those who "never liked Murphy anyway, and didn't vote for him." Naturally the political winds have blown cold or hot, here or there, with guesses as to whether this history, in the mayoralty election next fall, will become to Mr. Murphy an asset or a liability.

"Surely," it is said, "he never can find jobs for all, and the jobless will be mad." "He got hold of a bear by the tail." But it is retorted, "Dew and sunshine always win with the masses." Or, "Soak the rich, for they pay the most taxes anyway."

LEADERS AT ODDS

Early meetings of the general committee revealed that it was too big for effective service, and highly charged with elements of industrial and social controversy. The factions met and wrangled. Only the mayor's official authority on many occasions prevented dissolution. The press of course stirred the pot, and secret meetings were hard to arrange.

Leaders of capital and labor often locked horns, then separated in disgust. The labor union faction, a distinctly minority group under questionable leadership, hung to the mayor's coat-tails and demanded acceptance of some fundamental theories, forcing questions as to labor conditions and seeking to raise the bars against any employment of Canadians. Mayor Murphy openly or covertly sided with this group; he declared "the emergency must not be made the excuse for lowering wage or other labor standards."

The chief trouble arose from criticism of the manifest exploitation of the whole system, or lack of system. Large numbers of men and families

have received help who neither needed nor deserved it, who had no real residence in Detroit, or who might have been supporting themselves here or elsewhere at honest work if they had not been too lazy or dishonest. The facts on this point simply cannot be known. Opening of free lodging houses for men aggravated the condition, which was not helped by the fact that a large percentage—perhaps a fifth—of those receiving aid had been employed in the past by factories in Detroit suburbs, including Ford's, which do not pay taxes to Detroit.

When there was talk of "men in good clothes, driving up in automobiles to get their dole," Mayor Murphy replied, "No one has said our specific method of welfare was wrong, and no one has suggested a better one." His answer to opponents of unemployment insurance has been, "The city has been paying this insurance for years, through its welfare department."

But why not let the city find jobs in city employ for those who are helped? There have not been enough jobs to satisfy a tenth of the needs, and trial of this plan showed a heavy loss in labor efficiency.

In March the welfare expense ran to \$1,800,000. The industrial and social tide was at its lowest ebb. Since then it has been slowly rising. The April appropriation was \$1,344,000, still surpassing that of New York. With the backing of the Citizens' Committee on City Finance, which thought out the city budget plans accepted by the mayor and council, Mayor Murphy and his associates began to accept also that coöperation in solving the relief problem which previously he either had not wanted or was unwilling to accept.

The whole story is one of distrust as against confidence, suspicion and aloofness as against community understanding and coöperation.

SIX MONTHS WASTED

Six months had to be wasted because last summer, during the heat of the political upheaval, good people made faces at one another and then found it hard to compose their differences. The Hearst paper was hardly the most effective channel for Mayor Murphy to impart his social idealism to the potentates of industry, who got the idea that their years of profit-taking had filled a financial reservoir which now the community proposed to tap—even though Henry Ford was beyond the reach of the city. "My administration," said the mayor, "is determined to make the care of the indigent and unemployed, not a private charity, but a government concern." If the rich could live easily on their reserve, why should not the poor somehow have a chance to live? Otherwise, it was hinted, "our city will run red with riots."

On principle the mayor was more sympathetic with union labor than with employers. This always has been an open-shop town, but the past year has notably strengthened the prestige and political influence of the organized labor minority. Efforts, early and late, to procure friendly conference, privately or in public, between the mayor and "big business" men, were fruitless of results. The employing class were in a critical mood, especially after taking the heckling of union leaders in committee meetings. A further irritation was the issue of free public speech for the radicals, on which the mayor won a well-deserved victory by establishing a public forum.

TRAINED SOCIAL WORKERS OVERLOOKED

Why did not Mayor Murphy save months of time and effort by utilizing, at the start, the services of trained social workers, ready to step from the

ranks of the community chest group? "He did use them," is the local reply. But he, or others, far too long kept them too far in the background, lacking in authority or responsibilities.

"City agencies and professional welfare workers," it was said, "by virtue of their training are rendered incapable of handling the current emergency problem. We are not dealing with tramps and paupers, but with respectable citizens temporarily out of employment. Only volunteer workers, with the community's social problems close to their hearts and their viewpoint unobstructed by the formalism of the professional worker, are fit to handle the situation."

Mayor Murphy's "dew and sunshine" policy received its body blow June 9, when Detroit was amazed to learn, quite by accident, that frauds in administration of the welfare department had mulcted the city of \$200,000 or more, while one clerk, who confessed to the theft of \$60,000 by manipulating grocery orders, loomed with a sensational police and penitentiary record. Thus was proved the folly of operating a huge relief program by volunteer workers, instead of demanding from the start a leadership of trained, trustworthy experts.

That point of view explains much of the municipal failure, to the time when John F. Ballenger and Stuart Queen, of the Community Union group, really became directors of the program. Now Mr. Ballenger publicly states his belief that the welfare department of the city never was organized to face a problem such as 48,000 families constituted. Within the past two months the trend has been from hit-or-miss relief, inspired by heart-throbs, to an increasing degree of system and efficiency, from listing and investigations to the final link in the chain. Whatever next winter may bring, apparently we shall

be prepared for it. There is a coöperation all down the line, in plans and activities, which formerly had been impossible. We may even be able to discover how many men or families really never belonged on the Detroit list of unemployed; opinions on this point still differ widely, but the general opinion is that thousands ought to have staid in some other city, or should have been at work while here.

Political arguments are bad enough, but when factions wrangle over basic social and industrial issues, naturally one should not listen for harmony, even in relief of human suffering. Now we are on the eve of another municipal campaign; the election comes in November, and Mayor Murphy is one of the candidates. It is fortunate that the brunt of the welfare relief problem is being transferred, in part at least, to trained leaders and workers. But no doubt the question will be kicked around during the coming campaign. And Detroit doubtless will muddle through to some kind of satisfaction for municipal democracy.

We have won several things: solution of the present municipal problem of finance and the budget, despite tax delinquency and emergency expendi-

tures—New York banks and bond concerns have proved that Detroit's credit is first-class; recognition of training and experience in giving municipal aid for the unemployed; a demonstration of real coöperation on budget-making between the city government and its civic-business organizations. But we are not advertising any new or novel answers to the question of unemployment, municipal or industrial.

A recent writer in the *NATIONAL MUNICIPAL REVIEW* (May, 1931, p. 279) asserts: "The municipality holds the key position in any plan which aims effectively to combat unemployment evils." This may be true if it means that local aid must be given locally, by local means. But Detroit's experience indicates the further need of deep thinking on broad lines and co-ordinated planning of a sort which avails itself of general experimentation, even on state and national lines. Somehow business and government must work together, must give authority to social and industrial experts, and must not expect such a city as Detroit, with its excessive emergency burden, to operate its government aid in complete isolation.

POLITICS AND SEATTLE'S MUNICIPAL LIGHT SYSTEM

BY JOSEPH P. HARRIS

University of Washington

Movement for recall of Mayor Edwards grows from contest over Seattle's municipal light and power system. Policies regarding public ownership of other utilities are involved. :: :: :: :: ::

ON Monday, March 9, Mayor Frank Edwards of Seattle removed J. D. Ross, superintendent of the city light department. This was on the eve of the regular municipal election, which turned in large measure upon the issue of municipal ownership. Three councilmanic candidates were regarded as warm supporters of municipal ownership, and the other candidates as lukewarm. The election had especial significance because of a pending initiative measure which would give to the lighting department charge of its construction. Heretofore this work had been under the engineering department of the city. The advocates of the initiative measure pointed out the lack of coöperation between the two departments, the delays in construction, and the lack of definite fixing of responsibility for carrying on the engineering work; while the opponents charged that it would make the city light department a super government. J. D. Ross, superintendent of the department for twenty years, and regarded by many citizens as the father of city light, strongly advocated the change. It was first submitted to the council for consideration, and being voted down, was placed upon the ballot by a popular initiative.

ROSS' REMOVAL CARRIES CHARTER AMENDMENT

The removal of Ross on the eve of the election startled the city. Why

was it necessary to remove him at this particular time? What connection did his removal have with the councilmanic election and with the initiative vote upon giving the lighting department control of its engineering work? Mayor Edwards' opposition to the charter amendment was known, and it was generally interpreted as a move to defeat this proposal. If so, it was an unwise move, for the charter amendment, which according to unofficial polls was due to be defeated, after the removal of Ross was passed by a narrow majority. Ross, upon hearing of his removal, promptly arranged for radio time on one of the local stations and went on the air that night asking the public to vote for the amendment, regardless of whether he was at the head of city light or not. The councilmanic election resulted in a victory for the supporters of the municipal light department.

Following the discharge of Ross, the Municipal Utilities Protective League, which had handled the initiative campaign for the charter amendment, called upon the city council to impeach the mayor, which, after some consideration, it refused to do. Then a movement was started to recall the mayor. In the meantime the mayor supplemented his original statement of the reasons for Ross' dismissal by a letter to the council, listing seventeen charges against him. Some of these charges went back as far as twenty years in the

history of the department. Shortly afterwards Ross replied to the charges, answering them one by one, and asserting that none was true. He pointed out also that many of the purchases, contracts, or other acts involved in the charges were either the acts of the board of public works or the mayor and council.

MAYOR'S RECALL UNDER WAY

The appointment of a new head of the city light department by the mayor had to be approved by the council, which for a month or more refused to confirm the candidates nominated by the mayor and adopted a resolution to the effect that it would not confirm any



GORGE POWER HOUSE—SEATTLE MUNICIPAL SYSTEM

appointment other than that of Ross. Each new appointment and refusal by the council to confirm, as well as other developments, afforded publicity for the recall movement, now well under way. Recently an appointment was confirmed by the council. The opponents of the mayor charged that he had attempted to wreck the city light department and that the removal of Ross had been dictated by the privately-owned, competing electric company. The mayor and his friends charged that Ross was wrecking the city light department and it was necessary to remove him to protect the city from the political machine which he had built up.

Many old charges of mismanagement of the city light department were aired, dealing principally with delays in construction and costs exceeding the original estimates. The original estimate by Ross for the first unit of the Skagit hydro development, the Gorge plant, was \$4,988,000. This was made in 1918. When the plant was completed in 1924 the cost amounted to \$12,787,-866.04. This difference between the original estimate and the actual cost has been the cause of much comment, which has continued from year to year. It has been cited as proof of the excessive cost of municipal ownership and of mismanagement. The facts are that the higher cost was due to an enlargement of the plans, the building of a larger tunnel from the dam to the power house, the increase in the capacity of the plant from 53,000 h.p. to 75,000 h.p., and the building of a railroad twenty-three miles long in the place of the wagon road originally planned. The construction was delayed for several years and in the meantime the cost of construction mounted rapidly.

The Seattle Municipal Utilities Protective League filed a series of charges

against the mayor as the basis for the recall. Of these charges, the corporation counsel of the city held that two were legally adequate for a recall election, namely, that the mayor had filed a false statement of his reason for the removal of Ross, and second, that he had appointed as superintendent of the utilities department (in charge of the street railway system) a man who was not an expert in transportation, as required by the charter. Recall petitions bearing these charges were printed and distributed to volunteer workers.

The campaign for a recall election was supported by two local newspapers, each a part of newspaper chains, and bitterly opposed by a third newspaper, not a member of a chain. One of these newspapers began to feature stories of graft and favoritism in the city government. The mayor was criticized for purchasing \$11,000 worth of office furniture from a revolving fund, without bids. Other purchases without bids were dug up, and the superintendent of public utilities was charged with paying an excessive price for various equipment. Other officials were charged with lending city equipment to private contractors. A relative of a public official brought suit to collect \$5,000 promised him for his influence by a contractor to the city, but the court dismissed the case as contrary to public policy.

Toward the end of April the recall leaders filed their petitions with the city clerk, having several thousand names in excess. At this stage the mayor and a group of eight taxpayers started legal action to prevent the recall from being held. Each step in the legal fight, which at this time (May 27) has not been concluded, afforded a great deal of publicity, particularly in the newspapers opposed to the mayor. At the same time a movement was started to get the signers of the recall

petition to withdraw their names, but was unsuccessful. The leaders of the recall issued notices, prominently displayed by the press favoring the recall, warning the signers that they might be intimidated by solicitors asking them to withdraw their names, and urging them to report such at once. The signers were alarmed and in some cases it was reported that they turned the hose upon the anti-recall workers. The anti-recall movement was dropped when it became apparent that there was no chance to secure enough withdrawals to prevent the recall election.

The recall election has been set for July 14, and unless it is denied by the courts, the city will face a bitter contest. The charges permitted to stand as the basis of the recall will have little or nothing to do with the election. The real issue will be the record of Ross, whether the mayor was influenced by the privately-owned utility, whether a political machine has been built up in the city light department, and, in a large measure, public ownership versus private ownership. There will be an acrimonious struggle between various forces in the community; public ownership versus private ownership, though in this particular contest there will be no open fight upon municipal ownership; two newspapers against a third one, all attempting to use the fight to increase their circulation; and the mayor versus J. D. Ross. The mayor will suffer because the removal was made on the eve of the election, but will gain by reason of his undisputed legal power to make the removal. No one can predict the outcome.

OTHER UTILITIES INVOLVED

In the meantime there is a great deal of dissatisfaction with the existing government, caused by the airing of various charges of mismanagement, inefficiency and corruption by both

sides. One of the newspapers has conducted a relentless drive on the existing departments. The municipal street railway system has been in trouble for several years and has been unable to retire the outstanding obligations according to its contract with Stone and Webster Company. The trouble of the street railway system is generally attributed to an excessive purchase price, with correspondingly heavy overhead charges, and a declining revenue, which it is impossible to remedy by alteration of the fare. The rolling stock and the road bed are not being kept up. Various surveys and reports by citizen committees have offered alterations in policy and organization, but so far no solution to the very acute situation of the street railway system is in sight. A proposal was recently made to the council by a bond brokerage firm to refinance the street railway upon a longer term of years, increasing the outstanding debt from approximately eight million to twelve million dollars, the rate of interest from five to six per cent, and, in addition, virtually to make the city guarantee the bonds. This proposal met with opposition and the necessary legislation could not be secured from the state legislature.

Another proposal has been made to have the people vote at the 1932 city election upon a proposition to condemn and take over the privately-owned electric utility and several of its power plants. This proposal has been made at various times by former superintendent J. D. Ross and by the warmest supporters of city light in the city council, but the immediate move was by three councilmen not ordinarily looked upon as enthusiastic supporters of municipal ownership. If the matter is brought up for a vote before condemnation proceedings are carried through the courts, the public will have

little notion of what the cost of the privately-owned light and power system would be. The various estimates range from ten to seventy-five million dollars. The amount will depend largely upon how much allowance is made for severance charges. It is proposed to take over two steam plants and one hydro site of the private company to avoid severance charges. While substantial economies in distribution would result from the creation of a public monopoly of electric light and power, and the city would have a more adequate market for the new power which it will bring in soon from the large Skagit development, on the other hand, the difficulties of street railway system will act as a deterrent to a further extension of municipal ownership, and the recent events in the city light department have not been reassuring to the voters.

CITY LIGHT ADMITTED SOUND

In the present controversy it is not alleged by either side that the city light department is unsuccessful or unsound. It has approximately 80 per cent of the residential customers of the city, though less than half of the power users. The sales and revenue of the department over a period of eight years is shown in the following table:

vious year. The average rate in 1921 was .03590, or about double the present average rate. The net earnings of the department in 1930 was \$1,124,548, after all operating expenses, interest and depreciation charges were paid. The department redeemed \$1,346,000 of bonds in 1930, and had \$1,241,735 in cash and securities at the end of the year for future bond redemptions. The plant assets, with depreciation deducted, amounted to \$48,514,534.69, against which there are \$32,545,000 bonds outstanding.

The lighting department has one steam plant located in the city of Seattle, and two hydro developments outside of the city, the Cedar River plant and the Skagit River development. The Cedar River plant has suffered because of large seepage of water through the banks of the reservoir. The Skagit development dwarfs by comparison the Cedar River plant. The completed plans for this development, which will not be finished until after 1950, call for an expenditure of \$81,200,000, with a capacity of 990,000 h.p. at a 40 per cent load factor, or about \$83.00 per h.p. delivered at high tension bus in Seattle. City light has always paid its way, and reports by the City Light Committee of the Seattle Municipal League and by the state

Year	Total power generated and purchased kilowatt hours	Increase per cent	Revenues	Increase per cent
1923.....	115,431,550	17	2,661,965.77	4
1924.....	151,064,250	31	2,901,797.29	9
1925.....	218,245,950	38	3,480,421.38	20
1926.....	232,848,275	06	3,859,042.17	10
1927.....	277,591,025	19	4,361,743.26	13
1928.....	307,909,700	11	4,872,686.39	12
1929.....	364,959,930	15	5,452,375.66	12
1930.....	384,812,680	5	5,530,914.65	1

The average rate for all current sold in 1930 was \$.01784 per kilowatt hour, as compared with .01806 for the pre-

examiners indicate a sound financial policy. The department has had to pay the interest charges and retire the

bonds falling due out of current revenues while constructing expensive additions to the Skagit development. The fact that this could be done from existing plants while new units are being brought in, indicate the soundness of the system. The department will probably be in a position to make further reductions in rates within the next few years, and as successive units of the Skagit development are completed the cost of power will become increasingly lower.

ORGANIZATION SET-UP ENCOURAGES POLITICS

The present organization set-up of the city light department is unsound in several particulars. The superintendent is appointed and subject to removal by the mayor, who is elected for only a two-year term. This tends to throw the department into politics. Although the recently deposed superintendent had been in office for twenty years, there is a danger always of a

constant turnover with each new administration. New work, contracts, large purchases and important policies are determined by the board of public works, of which the superintendent of city light is only one of six members, and may be overruled by the other members. This makes it impossible to fix responsibility definitely for the conduct of the department. The budget of the department and many policies are decided by the council and the mayor. The responsibility for the conduct of the department is divided between the mayor, council, superintendent of department, and the board of public works. Heretofore the engineering department has had control of construction, further decentralizing responsibility. In the present situation no attention is being given to this unsound organization, but a movement for the city manager plan, twice voted down by narrow majorities in the past, will probably be launched shortly after the recall election is over.

THE ECONOMICS AND POLITICS OF CLEVELAND'S MUNICIPAL LIGHT PLANT

BY HOWELL WRIGHT, ESQ.

Director of Public Utilities in Cleveland's First City Manager Administration

Although the Cleveland Municipal Light Plant has been honestly managed, asserts Mr. Wright, it has not fulfilled the political promises made in its behalf, nor has it been an appreciable factor in controlling rates of the private companies. :: :: :: :: ::

CLEVELAND'S Municipal Light Plant was rehabilitated, enlarged and extended during the first city manager administration. This was done upon the initiative of City Manager William R. Hopkins; under his supervision; as the result of his leadership; with funds appropriated and authorized by vote of the people and the council at his request and through legislative authority granted by the council upon both his recommendation and that of the director of public utilities. Its finances also were put into good condition. The accounts were kept in accordance with the Ohio Public Utilities classification; its costs accurately determined and its reports and records honestly reflected the physical condition of the properties and the financial condition of the business. This is all a matter of record, available to all who desire to be enthusiastic or authentic about facts.

EDITOR'S NOTE.—In the June issue appeared an article by R. Husselman entitled, "The Political Sabotage of the Cleveland Municipal Light Plant." Mr. Husselman charged that the development of the municipal plant had been throttled by the city manager and the director of public utilities because of their antagonism to the principle of municipal ownership. In the above article Mr. Wright replies to the criticisms advanced by Mr. Husselman.

When the administration took office in 1924 it found the properties in a run-down and neglected condition. The average physical condition of the entire plant was 71 per cent as of new; there was insufficient reserve capacity in the principal items of equipment while a large part of the plant had passed one-half of its estimated useful life. Deploable and indefensible conditions were also found as to records, accounts and financial statements.

Neither the city manager nor the director of public utilities in meeting these problems showed any disposition even to discuss the merits of municipal ownership and operation of this utility. This was considered settled. The city had a property; was engaged in the light and power business—and the only question was how to manage it in the best interests of the city. The official answer was to raise rates, spend more money, try to rehabilitate the property and prolong its useful life. This was done.

REHABILITATION AND EXPANSION

Rates were raised 30 per cent and about four million dollars was expended in four years for increased facilities. The following comparison shows what was done with the money and is also a fair statement of the six-year record of performance.

SIX-YEAR RECORD

	Jan. 1, 1924	Jan. 1, 1930	Increase
Generating capacity.....	35,000 K.W.	50,000 K.W.	43%
Boiler capacity.....	11,600 B.H.P.	17,200 B.H.P.	48%
Sub-stations.....	5	9	80%
Sub-station capacity.....	22,500 K.V.A.	40,400 K.V.A.	80%
Whiteway lamps.....	1,526	6,110	300%
Total street lamps.....	4,314	16,037	272%
Miles of 11,000-volt cable.....	60	102.4	71%
Miles of 2,300-volt cable.....	73	253	247%
Miles of single wire.....	750	1,230	64%
Consumers.....	35,394	44,822	27%
Sale of current, penalties included....	\$2,510,875.63	\$3,690,053.33	47%
Net income (no allowance for taxes) ..	417,642.64	926,641.29	124%
Plant investment.....	8,536,031.41	15,014,483.46	76%
Surplus.....	Deficit 512,994.69	1,390,282.43	372%

CLEARING UP THE PAST

Several constructive steps were taken by the department for which it has been criticized. Both city manager and director of public utilities have been charged with attempting to wreck the plant because they insisted upon paying its debts, and terminating raids upon the general funds of the city and upon water works funds. The payment of debts seemed to us to be a sound business principle.

1. Final payments of \$45,000 were made for land upon which the central station was built, to save interest charges.

2. Five hundred and sixty-three thousand two hundred and sixty-nine dollars was repaid to the general city fund for tax funds advanced during 1906 to 1909 (before the central generating system was built) to the then existing plants and system, and as set up in the city investment account in 1916. This represented principal and interest from which \$90,000 was deducted for items owed to the plant by other departments.

3. Separate intake and discharge tunnels were built for the generating station thereby terminating water works tunnel expense for the light plant, and eliminating dangerous conditions in both plants. The ten-year free use of this tunnel probably never will be paid.

DETERMINATION OF FUTURE POLICY

Isolated operation and obsolescence of central station equipment are factors

for serious concern in constructive efforts to work out a future policy for this municipal plant. Politics did not dictate our conclusions which are here outlined. They are based upon economic considerations which rarely find any place in governmental operation of utilities. The director of public utilities was, of course, unfriendly to the professional politics of public ownership and especially as expressed by those who seek to nationalize the light and power business.

1. A small isolated plant should not operate without reserve capacity if it is to afford full protection to its customers.

2. Obsolescence of our small generating units becomes more apparent by comparison with the trend of modern practice as shown in the accompanying table.¹

3. Over use of our small units and accidents to our large units have endangered our service and

¹ The best evidence as to isolation and obsolescence is the statement of Hon. Frederick W. Ballard, consulting engineer, and public utility consultant, *the builder and designer of the plant*. Under date of June 12, 1930, he wrote in part:

"The Municipal Electric Light Plant is now obsolete . . . and isolated. . . . The smaller isolated plants are being shut down. . . . The smaller inefficient stations are being either entirely abandoned or simply held in reserve as peak load or standby plants. The days of the Municipal Lighting Plant are numbered. . . ."

emphasized the necessity of protecting our present customers by reserve capacity or interconnection with the private company or both. This is the immediate problem.

4. The present problem is not one of further expanding the central station. Any such expansion beyond its now 50,000 K.W. capacity should be in a new building designed to suit the size of equipment then standard and laid out on the unit system.
5. The time for any such venture has not arrived. The people of Cleveland will not in our opinion approve such an expenditure of public funds. The present plant can continue to serve the purpose for which it was started. The building of such a new plant or unit of a new plant at this time would be more duplication of investment in Cleveland and, therefore, an economic waste.
6. Five plans for expansion were officially submitted in 1928, with the recommendation that

issue no doubt will be settled by popular vote in November.

THE FIFTEEN-YEAR EXPERIMENT

I. *The Political Promise.*—The Cleveland Municipal Plant was conceived in politics and fostered on the sophistical economic theory that “competition is the way to get three cent light, not regulation.” The political slogan of the 1911 campaign which resulted in a favorable popular vote for \$2,000,000 in light plant bonds was “Three-cent light in every home in Cleveland.” It was a political “catch phrase.” As a political objective it was successfully used in the business of getting votes for the bonds. The real objective—the true purpose of the

OBSOLESCENCE BY COMPARISON

	Municipal plant	Modern practice
Steam pressure.....	250 lbs. per sq. in.	400 to 1,000 lbs. per sq. in.
Steam temperature Fahr.....	535	750
Air preheaters.....	None	Yes
Super heaters.....	Convection type	Convection and radiant heat
Reheating steam.....	No	Yes
Fuel-burning equipment.....	Stokers	Powdered coal
Air coolers for generators.....	No	Yes
Size generator units.....	5,000 to 15,000 K.W.	35,000 to 50,000 K.W.
Station capacity.....	42,175 K.W. at 70% P.F.	400,000 K.W.
Pounds of coal per K.W.H. generated..	1.87	1 to 1.50

- before any plan for installation of new generating units (beyond 50,000 K.W. capacity) was adopted the council be requested to authorize negotiations with the private company with respect to emergency interconnection.
7. It was also our opinion that it would hardly seem sound business to install new or replacement production units in the municipal plant to provide base load *if* our requirements could be purchased elsewhere *at a fair price*. We asked this question—Why not negotiate and find out the possibilities for interconnection, either for emergency or base load purposes or both?

Council is still pondering over these economic facts and questions, and also these and similar recommendations from other sources. The expansion

plant—is found in the official records and does not jibe with the political promises.

II. *The Real Objective.*—Professor William E. Mosher says in his book on Electrical Utilities that, “The success of an electrical undertaking is determined in large part by the end sought.” In the case of Cleveland, as to the real objective we again call as our witness the man who also operated the plant from its inception to January 1, 1916, Hon. Frederick W. Ballard, *commissioner of light and power*, who stated in an official report (April, 1915) that:

Our capacity . . . is practically one-fourth of that of the C. E. I. Co., and *we could not, and it is not our intention to take the entire lighting and power load of the City of Cleveland.* However, the capacity is sufficient to demonstrate the commercial possibilities of making current for electricity and power at a maximum rate of not to exceed 3 cents per K. W. Hr. This should result in the C. E. I. Co., either reducing their rates to meet ours, or selling their plant to the City of Cleveland.

Have these ends been accomplished? Have the political promises been fulfilled? What results have been obtained in the operation of this utility during the past fifteen years? What has happened in the much advertised "Three-cent electricity City"? And what is going to happen? Let the facts speak for themselves.

III. *"Three-cent Light" Only a Political Promise.*—Three-cent municipal light for every home has proved to be only a political promise unredeemed. The plant (1929) served only 44,822 (36,961 homes) customers or 16 per cent, while the private company served 200,692 customers or 84 per cent in the city; it has a generating capacity of 60,400 K.V.A. out of a total of 598,250 K.V.A. in the district, and it sold 155,512,362 K.W.Hr. or 11 per cent, while the private company sold 1,279,951,141 K.W.Hr. or 89 per cent. Large areas of the city have no municipal service, while the private company serves almost every nook and corner.

The municipal plant supplied three-cent-plus light to a small minority of homes in Cleveland. *This is a special privilege.* It has not and cannot serve the other homes—the great majority. *This is discrimination.* These homes which are not served are taxed to pay part of the cost of the electricity furnished to the minority, because the light plant pays no taxes.

The municipal plant is subsidized by the taxpayers. Every taxpayer's bill is larger because no taxes are paid and

no return is received by the taxpayers on their entire investment in the plant.

In 1929 for each K.W.Hr. for which customers paid $2\frac{1}{3}$ cents (.02373) the taxpayers paid one-fourth of a cent (.00284) for taxes and one-half of a cent (.00535) for a 6 per cent return on their investment in the plant. It is just a plain case of taxation of the many for the benefit of the selected few.

IV. *Financial Results of the Business.*—The municipal plant must pay interest on its bonds and provide for bond retirement and it is required (Section 77 of the Cleveland charter) to set up on its books an interest return on the investment. No such return, however, has ever been set up. Herein lies the basis of the failure of this publicly-owned and operated utility, under all administrations, to substantiate its claim of "successful results" in competition with or in contrast with private ownership in the same field. Most any municipal or private plant can make huge profits under these conditions and the Cleveland plant under these conditions is no exception.

During the six years of City Manager Hopkins' rule the Cleveland plant made a good showing. It had the very best years in its history. Theoretically it made money. Its profits were "political profits," however, because it paid no taxes and no return to the taxpayers on their investment. A privately-owned plant, however, cannot escape these requirements and continue to exist. And there is no other way of comparing the results of the two kinds of ownership and management without these items.

When so compared as required by the city charter (with proper allowances for taxes, interest on the investment, bond retirement, obsolescence and depreciation) the reported surplus earnings of the plant for fifteen years do not exist. There are none. With allowances for

all charges except bond redemption the books show a loss of \$1,126,071; with all allowances as required by both city charter and Ohio law, the results are huge losses year after year to the citizens of Cleveland—a total fifteen-year loss of \$4,175,362.

V. *Pooling of Meters*.—Not only does the municipal plant discriminate in that it serves a small area of the city and a small minority of residential customers, but also, until recently, as to large power consumers. Its large power business has been built up from the plant's inception by the illegal process of "meter pooling." The sums of money involved amount to hundreds of thousands of dollars. The state examiner recently found nineteen customers discriminated against in the amount of \$206,000 and also demanded that suits be filed to recover \$207,000 due the plant by customer beneficiaries of this special privilege. Without such illegal methods the plant would not have been able to secure this large power business. No private utility would be permitted to engage in such discriminatory practice.

VI. *Three-Cent Rate a Delusion*.—Three-cent light is dead and was buried in Cleveland long ago—in 1921. Municipal resident users pay as high as 8½ cents per K.W.Hr. through the minimum monthly charge. The average revenue per K.W.Hr. sold to residences in 1921 was 3.06 cents and in 1929 it was 3.63 cents. It is three-cent-plus light and has been that since 1921. Furthermore, the average revenue per K.W.Hr. sold for street lighting is 3.055 cents.

The average revenue per K.W.Hr. for all 1929 municipal sales was 2.373 cents, which was 3.55 mills per K.W.Hr. or 17.6 per cent more than the private company average rate which was 2.018 cents.

VII. *Municipal Street Lighting*.—The municipal plant is now the dominant factor in street lighting. This is due to the policy of the city manager administration (1924–1930) namely, to make the plant serve all the citizens as far as possible through street lighting. This is sound policy, inasmuch as the plant serves the taxpayers as a whole in no other way. This street lighting load is also an excellent revenue producer compared with other classes of service. On the whole it is an off-peak load and a profitable community service entirely consistent with the purposes of the plant.

The number of lights was increased from 4,314 in 1924 to 16,037 in 1930, while the sales of current increased from \$254,478.43 or 10 per cent of the total to \$693,016.87 or 18¾ per cent in the same period. White way lighting is a municipal monopoly.

It is entirely conceivable that the most important future service of the plant may be street lighting and furnishing light and power to public buildings and to water works and sewage disposal pumping stations.

VIII. *Political Jobs and Jobholders*.—The American Street Lighting Company maintains the municipal street lighting system by contract and saves \$40,000 annually over and above what it costs the plant to do the same work. Herein lies one of the greatest weaknesses of public ownership—government in business—political jobs and jobholders.

It is a matter of record that this company took over the municipal street lighting maintenance employees, weeded out a few drones, paid the same scale of wages, and in some instances higher wages, did a better job and saved money. The contract has just been renewed.

It is an established fact that in many cities including Cleveland,

public work done by private contractors is often more satisfactory and economical than when done by public employees. Political jobs, clockwatchers and "more pay—less work" lobbyists are the curse of public ownership.

IX. *Municipal Ownership and Its Return to Cleveland.*—Low rates, it is said, is the real return on the municipal light plant investment. This claim which is largely based upon the political reasoning of "after a thing therefore because of it" will not stand the economic test.

The plant has been no appreciable factor in the rate reductions by the private company. It serves only a special privileged minority of light and power users, and since 1921 it hasn't served a single residence with three-cent light. The only way it has ever served the taxpayers as a whole is through street lighting. Its volume of business except street lighting is so small relatively as to place the plant in the rôle of a theoretical competitor.

Rate reductions by the private company are the natural result of the installation of modern equipment, low generating costs, new transmission and distribution methods, interconnection, quantity production and enormous load increases. An outstanding reason for rate reductions by the private company is the fact that in 1919 it required al-

most three pounds of coal to produce a kilowatt hour of electricity, while in 1929 it required less than one and one-half pounds of coal.

Since 1920 there have been half a dozen voluntary private company rate reductions. In each instance the municipal plant was forced to "follow the leader" instead of "showing the way." Naturally it lost power customers through such reductions. It has managed to hold its largest power customers through discriminatory rates.

The rate regulation influence of the municipal plant is nil now and so promises for the future. The private company cannot increase its present rates without consent of the public utilities commission. Before any increase is allowed the city has the right to be heard. The 5-cent maximum city rate ordinance does not expire until 1934. At any time within a year before its expiration the city council can fix the rates to be charged by the private company. Such rates will be effective unless upon appeal by the company the commission holds them confiscatory and grants an increase. The company has to show that the rates fixed by the city are unreasonable. *Under these conditions why should the city continue to maintain or attempt to further enlarge an isolated and obsolete plant for imaginary competitive rate regulation purposes?*

RECENT BOOKS REVIEWED

THE AUTOBIOGRAPHY OF LINCOLN STEFFENS.
2 vols. New York: Harcourt, Brace & Co.,
1931. 884 pp. \$7.50.

This is the autobiography of a man who has looked at life from many angles. No living American, in fact, has accumulated a greater wealth of personal experience in places high and low than this book discloses as its author's endowment. By his own admission Lincoln Steffens was born a "remarkable child," and the world will testify that for sixty-five years he has lived up to the cradle prognostications.

It is now nearly three decades since *The Shame of the Cities* brought Steffens into national prominence. He was acclaimed as the primate among muckrakers, a title which he has not resented either then or now. During the interval since 1904 his activities have been uncommonly diversified—as an editor of magazines, an investigator of civic wrongs, a free-lance reporter in wars and revolution, a critic of "the peace that was no peace," and always a prophet of better things to come. One might call him, in no disparaging sense, a congenital crusader. And as for the Steffens intellect, nobody has ever doubted its alertness or questioned its sincerity. What people have questioned is the soundness of his worldly judgment and his sense of the realities. The marvel is, at any rate, that a man could stand the shattering of so many illusions without losing some of his avidity for them.

The first disillusionment came to Steffens in college days. He went to no fewer than six universities in three different countries without finding one that suited him. Then he turned impatiently to the outer world and undertook to fathom life in the stretch between Wall Street and Harlem. Next he passed to a survey of corruption in other cities and in due course became a sort of peripatetic municipal research bureau.

But his exposures of urban crookedness in the old days proved to be singularly ineffective so far as any permanent clean-up was concerned. The guerilla warfare against the saracens of graft, as Steffens waged it, resulted in relatively little genuine reform. There was something lacking in these portrayals of sordidness, vivid

though they were, and they brought no action commensurate with the furore which they made. Perhaps it was because Steffens used too much red in his pictures, too much economic liberalism for the reform organizations of that day. He worked hard during a whole year in Boston, for example; but the committee never published his findings. It was not because they wanted to suppress anything, but merely that there seemed to be no market for a lengthy disquisition on New England hypocrisy—no market for it in Boston, at any rate. Incidentally there are some inaccuracies in the Steffens retrospect of this episode. Among other slips he gets the hero's name misspelled and the city wards mixed up.

Now the amazing thing is that Mr. Steffens could have consorted so long and so intimately with the seamy side of American political life and yet remain so rugged an idealist, optimist, and believer in his fellow men. Every lost illusion found itself promptly replaced by a new one. America has never had a more undaunted Don Quixote of the quill. Doubtless he will keep tilting to the end, and let it be hoped so, for the recital of his numerous forays is fascinating. There is not a dull page in the whole nine hundred, because Steffens writes with imagination, liveliness, and a keen sense of humor. No more sprightly narrative of any man's career has been put into print for a long time. And nowhere can one get a more pungent whiff of the atmosphere which we of the passing generation breathed so contentedly in the old world that used to be—before the war. Mr. Steffens deserves well of us for having written this book, with its manifold glimpses of men and things that have now passed on. It is a straight story, admirably told, and one that deserves to be widely read.

WILLIAM B. MUNRO.



COUNTY GOVERNMENT IN CALIFORNIA. Final Report of the California Commission on County Home Rule. State Printing Office, Sacramento, 1931. 236 pp.

A third of the text of this report is devoted to the history of local government in California.

However well it may have been done this historical material is of little use to one who is interested in constructive reform.

The report might well have begun with Chapter III, which presents an excellent analysis of the constitutional provisions concerning counties. The California constitution contains a great deal about counties, and these provisions need to be analyzed and explained at considerable length. This has been done very well indeed; and many cases have been cited to show how the courts have construed the constitutional provisions. There is also an excellent summary of statutory provisions concerning counties.

The multitude of charts, intended to show comparative financial statistics of counties and municipalities for the years 1920, 1924, and 1929, and the twenty solid pages devoted to tables showing salaries of county officers in the fifty-eight counties in the years 1901, 1919, 1925 and 1930 are not particularly useful.

Chapter VII, "Functions of the County," is devoted to a narrative description of existing county government, with a few constructive suggestions for reform thrown in. Fairlie and Kneier, *County Government and Administration*, is very freely drawn upon. The description is but casual and the suggestions for reform are not given with much clearness or confidence. "... it is suggested that the chairman of the board of supervisors be made the administrative and executive agent of the board to exercise its powers under its direction and control. . . . This would be constitutional it is believed. In many counties, perhaps in most, the chairman or his secretary would become a full time executive or administrator, perhaps taking over the duties of certain existing employees of the county . . ." (p. 142). There are many pages devoted to commenting lightly upon all the various suggestions for reform that may be picked up in the literature of local government. But few of them are definitely and clearly shown to be applicable to California. Thus: "Any county or city charter should make provision for a distinct separation between the legislative and administrative functions. Its provisions for the legislative body should maintain this branch of the government as the strongest part of the organization" (p. 180). "The financial provisions of the charter should provide in some detail for an adequate budget system, . . ." but the reader is left to guess at these details. Such recommendations are mere platitudes.

At another point (p. 186) it is suggested that: "This board (of supervisors) shall select its own clerk and counsel and appoint policy advising commissions on planning, roads, highways, and forestry, and if desired, a civil service commission." The report expresses the opinion that "... the four principal county officers performing state functions ought to be elective although there are many arguments for placing them under the appointment of some central state department or on the board of supervisors." The latter statement, exhibiting as it does, complete lack of confidence on such important matters as whether or not the officers referred to should be elected or appointed, and if appointed, by whom—state officials or the board of supervisors, is characteristic of the entire report. To be indifferent on matters of that sort, and vaguely to approve a budget system of some kind, to advocate large appointing power coupled with a merit system "if desired," to suggest that the constitution authorize that compensation of county officers be fixed by the board of supervisors or "... established by vote of the electorate of each county . . ." (p. 115), is to contribute but little to the solution of problems of local government.

The commission recommends that the legislature draft three forms of optional county charter. They are outlined in very broad and general terms. And also the commission recommends that: "There should be a further detailed study made of the possibility of city-county consolidation and of the creation of larger administrative areas by the consolidation of the areas of counties or the particular functions of several counties" (p. 9). This is an excellent suggestion.

KIRK H. PORTER.



REPORT OF THE WATERBURY CHARTER COMMISSION submitted to the Governor and the General Assembly of the State of Connecticut, December 31, 1930. 991 pp.

The report of the Waterbury Charter Commission is a careful description of careless city government. The commission, authorized by the legislature of Connecticut to investigate charter violations and the financial condition of Waterbury, was appointed by the governor in June, 1929, and published its report dated December 31, 1931. The report was prepared by Griffenhagen and Associates, and is a compre-

hensive document of 991 pages. Findings and recommendations are summarized in Part One.

Finance is the first subject of the report. It describes Waterbury's financial structure—its curious assortment of funds, and Waterbury's financial condition—its debt, deficit, and delinquent taxes. Financial operations of 1929 are reviewed in detail and do much to explain the character of the city's government. The year 1929 produced a cash deficit of more than a million dollars, an excess of expenditures incurred over revenues accrued of more than fifty thousand dollars, tax collections of less than eighty-three per cent, interest payments totaling fourteen per cent of expenditures, and administration at excessive costs. A discussion of financial administration follows which describes the method of making appropriations, the consistent disregard of charter provisions regarding budget, and explains the essentials of sound budgeting. A chapter on collection of taxes summarizes the various sorts of malfeasance, misfeasance, and nonfeasance, including the shortage of more than forty thousand dollars, revealed by the audit of the collector's transactions and records. The final touch to the subject of finance is the record of Waterbury's account with the five banks in which it deposited funds. Four out of the five shorted the city on interest earned by amounts ranging from a few dollars to nearly twenty-nine thousand

Organization is the second subject of the report, which describes the existing decentralized responsibility and the fantastically organized administrative departments. The Charter Commission recommends organization of administration in eight departments under a city manager responsible to a council of five.

Operating agencies of administration are the third subject. One by one the report takes up the operating units, analyzes their problems, and evaluates their work on the basis of policies, methods, and organization. Thus, the chapter on administration of the water system is an analysis of problems of supply, distribution, and rates.

Compilation of the existing charter provisions

from the numerous and sometimes conflicting statutory sources is the fourth subject of the report. The "compiled charter" covers 110 pages.

Proposed legislation is the final subject of the report, and includes a manager plan charter and an administrative code recommended to the legislature for Waterbury. The administrative code, after five years, would be subject to amendment by the city council, but only by a four-fifths vote.

GEORGE A. GRAHAM.



PRINCIPLES OF CITY PLANNING. By Karl B. Lohmann. New York: McGraw-Hill Book Company, 1931. Illustrated. 395 pp. \$4.00.

To the student of government a comprehensive survey of city planning is doubly valuable. It enables him to understand the work of city planning commissions and it gives him in a nutshell an account of each of the physical activities of the city viewed as a whole, with due regard to future needs, and properly correlated one to another. The present volume is the first general textbook on city planning in the United States to be written in a number of years, during which time much original work has carried the state of the art of city building and planning for its future needs forward in many directions. For the most recent, and in many cases as yet unproven advances in theory, the author quotes the opinions of leaders in their respective fields. The necessary brief chapters devoted to each phase are accompanied by extended reading lists, which include numerous references to very recent articles. The most casual reader can scarcely help realizing how new and vigorous is the growth of city planning in this country. In fact in four or five chapters practically all the material presented dates from the last fifteen years, and in most of the others the major features are equally recent. That this rapid change and development will continue seems certain, but whether at an accelerated or decreasing pace is by no means ascertained.

ARTHUR C. COMEY.

REPORTS AND PAMPHLETS RECEIVED

EDITED BY EDNA TRULL

Municipal Administration Service

Health and Hospital Survey, Kansas City, Missouri.—Chamber of Commerce, American Public Health Association and the Kansas City Public Service Institute, 1931. 329 pp. with charts and tables. The high death rate of Kansas City was a cause of concern to several of the active committees of the Chamber of Commerce and in 1930 a general survey of the health and hospital situation seemed appropriate. Dr. W. F. Walker of the American Public Health Association Committee on Administrative Practice was asked to cooperate with the Chamber of Commerce and the Public Service Institute in this survey. Their report is in three divisions: the public health service of the voluntary and tax-supported agencies, community aspects of hospital facilities, and the administration of the city hospital group. The material was secured and discussed not only by those primarily engaged in the survey but also by sub-committees of citizens interested in special phases of the subject. Conclusions and recommendations include the following: the health work of Kansas City is only 70 per cent adequate, largely because of the lack of stability and leadership in the official health department. The large service rendered by voluntary groups and the metropolitan nature of the work suggest advisory councils to assist a nonpartisan city authority with an increased budget and enlarged functions. Emphasis should be placed on tuberculosis and school work. Improved administration within the existing city hospitals is also recommended. This thorough survey of Kansas City should not only lead to an improvement in the health conditions there, but should be of assistance to other cities. (Apply to the Kansas City Public Service Institute, Kansas City, Missouri.)

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The Herman Kiefer Hospital of Detroit.—Detroit Bureau of Governmental Research, 1931. 15 pp. In the spring of 1930, one of the tabloid newspapers made severe charges against the operation of the city's hospital for communicable diseases and the administration of the health department. The health commissioner, Dr. Vaughan, requested the Bureau to investigate the accuracy of the statements. This was done

with the result that the specific charges were considered without merit and the hospital an outstanding service to the city of Detroit and its vicinity. In the course of the investigation, the Bureau discovered, however, a number of places at which the service of the hospital might be further improved and almost half of the published material deals with constructive suggestions especially as to administrative organization. (Apply to the Detroit Bureau of Governmental Research, Detroit, Michigan.)

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Report on Prosecution.—National Commission on Law Observance and Enforcement, 1931. 337 pp. This fourth report of the Wickersham Commission deals with the public prosecutor in the organization of his work, as a criminal investigator, his discretion and checks upon him; the public defender; the grand jury. The bulk of the volume is devoted to an analysis by Alfred Bettman of the important surveys of criminal justice. The commission recommends from their study of this that politics should be eliminated in the appointment of federal district attorneys, that state prosecutors be better selected with improved conditions of tenure and salary, that a director of public prosecution in each state have centralized control and responsibility, that provision be made for the legal interrogation of accused persons under suitable safeguards and that the legal profession in each state organize for competency, character, and discipline among those engaged in criminal court work. A bibliography on prosecution by Julian Leavitt is also included. (Apply to the Superintendent of Documents, Washington, D. C. Price, 50 cents.)

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Municipal Golf Courses in the United States.—United States Golf Association, 1931. 32 pp. This is a list of municipally owned golf courses, with brief statistics on important points such as date of opening, operating agency, number of holes and yards, fee charged, type of green, cost of operating and the name of the professional. (Apply to Public Links Section, United States Golf Association, 110 East 42nd Street, New York City.)

Directory of Probation Officers in the United States and Canada 1931.—National Probation Association, 1931. 77 pp. This is, as the title indicates, a directory of 4,035 paid probation officers. Representatives of private organizations and volunteers are omitted. Organization and uniformity of standards among probation officials are lacking and this directory is of considerable aid in the exchange of information and ideas, as well as in the supervision of persons who move from one place to another. (Apply to the National Probation Association, 450 Seventh Avenue, New York City. Price, 50 cents.)

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Manual of Street Sanitation Records for Cities 10,000 to 50,000 Population as installed in Brunswick, Georgia.—Committee on Uniform Street Sanitation Records, 1931. 55 pp. *The Measurement and Control of Municipal Sanitation*, published last September, outlined proposals for measuring work performed, setting up unit cost standards for each operation, preparing work programs and recording the success of these plans. Before the complete manual was published the committee wished to experiment further with its proposals. With the cooperation of the officials of Brunswick, Georgia (population 14,022), the system was installed there to illustrate the application of the standards suitable to a city between 10,000 and 50,000. Cities of other sizes also will serve as experimental fields. The work units recommended the program, cost standards, work and equipment reports, complaint reports, and comparisons between work planned and accomplished, the forms for which are all included, may be adapted to any city within this population group. (Apply to Committee on Uniform Street Sanitation Records, 923 East 60th Street, Chicago, Illinois.)

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Old Age Security.—Report of the New York State Commission to the Legislature, Albany, New York. Legislative Document No. 67. 1930. 692 pp. The commission, of which Senator Mastick was chairman, made a thorough study of old age security, with the assistance of a research staff directed by Dr. Luther Gulick. This book sets forth and explains some of the more important facts bearing on the proposed legislation, which is based on the following recommendations: that the state administer and pay half the cost of assistance relief and care of needy persons over 70 years of age, not inmates of institutions, who are citizens and have been

or ten preceding years, residents of the state, and for whose support no financially able person is legally responsible; that the responsibility for the administration of laws for the assistance, relief and care of needy persons, seventy years of age and over shall be vested in the public welfare officials of counties or cities, subject to supervision and review by the State Department of Social Welfare; that institutional care of needy persons be improved and modernized to ameliorate conditions. (Apply to Hon. Seabury C. Mastick, chairman, New York Commission on Old Age Security, Albany, New York.)

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Proceedings of the Fourth Institute of Municipal Affairs at Montpelier, Vermont.—Norwich University, Bureau of Municipal Affairs, 1931. 60 pp. The proceedings of this fourth Institute include papers on community planning and the place of the railroad in it, reducing fire loss, highway safety, the American College and municipal affairs, a model municipal debt statute, and justice in real estate assessment. Details of the discussion of the sessions of the New England City Managers' Association and the meeting of mayors of Vermont cities are not included. (Apply to The Bureau of Municipal Affairs, Norwich University, Northfield, Vermont.)

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Report of the Mayor's Salary Schedule Committee, Detroit.—1931. 20 pp. In response to a suggestion that teachers' salary increases for the current year be deferred, Mayor Frank Murphy appointed a Committee of Twelve to consider the schedule of the Board of Education. The report contains thorough statistics on the Detroit schedule and uses for comparison, educational salary material from twenty-four other large cities. The report, as accepted by the majority, expresses the hope that teaching salaries will not be changed because of the temporary financial stress of the city. (Apply to Detroit Teachers' Association, Detroit, Michigan.)

✱

Report of the Pennsylvania Housing and Town Planning Association.—1931. 25 pp. This report for 1929 and 1930 contains brief material on the major interests of this association, in relation to two years' progress as well as significant statistical information, on building, zoning, planning and sanitation. (Apply to Room 803, Allman Building, Walnut Street, Philadelphia.)

PUBLIC UTILITIES

EDITED BY JOHN BAUER

Director, American Public Utilities Bureau

DISTRIBUTION COSTS, PUBLIC OPERATION AND REPRODUCTION COSTS—A CONCRETE CASE

We have given considerable attention in this Department to distribution costs, public ownership and valuation, and during recent months have come across some striking facts. We have been engaged in a gas rate case in one of the leading Southern cities, and shall use figures from the official record in the particular case, without mentioning the name of the city or the company, because we believe the facts are typical of what may be found under present conditions almost anywhere.

ARE DISTRIBUTION COSTS EXCESSIVE?

We have pointed out repeatedly, especially in connection with electric rates, that the difficulties encountered in obtaining reasonable rates for the ordinary domestic users, appear in the field of distribution, and not production. The same applies to gas. The basis trouble is two-fold: (1) the local company, in most instances, has a monopoly in distribution, and (2) it is controlled, *in absentia*, by holding company interests and affiliates, at long distance. The almost inevitable result is lack of rigid economy in the ordinary work of distribution, and especially the piling up of overheads, particularly under the title of "general and miscellaneous."

Take the operating expenses which are officially in the record of the particular case under review, and which have been subjected to rigorous cross-examination and defense. They are as follows, for the year 1930, grouped according to official classification:

Distribution	\$166,000
Commercial	147,000
New business	94,000
General and miscellaneous	193,000
Total	\$600,000

The company for most of the year distributed natural gas, and, therefore, all the operating expenses, outside of the purchase of gas at the city

gate, belonged in the general field of distribution. The limited sub-group under that title includes technically the maintenance and care of mains, services, meters and customers' facilities, but the other groups listed above also come under the general function of distributing gas, as distinguished from production or purchase.

For the four groups of expenses as above outlined, there were available annual comparisons for the years 1913 to 1930, inclusive. In 1913 the company distributed manufactured gas, while for most of 1930 it delivered natural gas. Notwithstanding the change in kind of gas, with an almost doubling of heat content per thousand cubic feet, the expenses in 1930 for each of the first three groups (distribution, commercial, and new business) were practically the same as per thousand in 1913. And the same is true of taxes. But in the case of general and miscellaneous, the expenses in 1930 were about four times the amount per thousand in 1913.

Here, then, is the striking fact: The creeping up of general and miscellaneous expenses. The piling up of overhead took place during the period of years when the monopoly in local distribution was perfected, and when control was transferred from local to absentee owners. The local company forms a unit in a pyramided holding company system, within which the focus of actual control is lost so far as public knowledge is concerned.

It may be assumed that the more technical processes of distribution, covered by the first three groups of expenses, have been kept quite reasonably within the limits of economy and efficiency. This would apply to maintenance and care of mains, services and other distribution properties, also to the handling of accounts and the building up of sales. During the period from 1913 to 1930, there was practically a doubling in the quantity of gas sold, but there had also been increases in wages, salaries and

prices of materials. So the record of the same expense per thousand in 1930 as in 1913, looks quite creditable.

But for general and miscellaneous expenses the situation is altogether different. If the cost per thousand in 1930 for the other operations is no greater than for 1913, why should it be four times as great for the overheads? The answer appears in the nature of the expenses. They include salaries of general officers and legal staff associated more intimately with the absentee control rather than with the local handling of the simple operations connected with gas distribution. And, they have embedded a further item, which in one form or another is frequently responsible for high general and miscellaneous, a management fee paid to the holding company or affiliated interests.

In the particular instance, the management fee consists of 3 per cent of gross gas revenues, and is fixed without regard to the kind of services rendered or the need of the services. For the year 1930 the fee amounted to about \$58,000, and was a sizable sum added to the otherwise more than adequate administrative salaries and legal expenses. Here is rank extravagance, due to monopoly and absentee ownership. There is no competition and no incentive to keep down the charges for management, which really serve as a roundabout method of tapping off profits under the guise of operating expenses.

HOW COMPARED WITH PUBLIC OWNERSHIP?

While the gas business has been in the hands of a private company, the water service has been municipally owned and operated for many years. A comparison, therefore, between the gas and water operations offers an interesting if not entirely conclusive demonstration of a case of superior municipal efficiency. It furnishes a test as to whether the distribution costs of the gas company are excessive, and whether private operation has actually the economic advantages over municipal ownership as claimed by the utilities and as heralded abroad by high authorities of the land.

The two distribution systems are virtually co-extensive as to territory. Both cover the entire city; each has about 600 miles of mains, and each about 50,000 customers, plus 5,000 fire hydrants and 3,000 sewer flush tank supplies of the water department. Taking the two systems together, there is no apparent reason why the total gas distribution should be more expensive

than water distribution. It would rather appear that the water system has special elements of expense not encountered by the gas company—for example, care and operation of the fire hydrants, the sewer flush tanks, and upward of 7,000 main valves required to meet the special conditions of variation in pressure placed upon the water mains.

As to total distribution expenses, including general and miscellaneous, but excluding production, the amount was \$600,000 for the gas company, as against \$257,000 for the city water department. The total cost of gas distribution thus exceeded the water costs by 133 per cent. The difference is so great that it virtually demonstrates the extravagance of gas distribution and the superior economy of city water operation.

The common claim, that a municipally operated utility fails to include in its accounts all the elements of cost incurred by a company, does not apply in this instance, and probably does not apply in most cases. It is usually unsupported, and gains validity because of lack of specific contradiction. In this particular case the water department operates on an independent budget, and its accounts include all expenses according to detailed budget items. The only item with respect to which there is disparity, is the maintenance and care of the general offices, which are supplied by the city without charge to the water department. Otherwise, the water department appears as self-sustaining as the gas company.

The striking difference in costs appears particularly in general and miscellaneous. So far as maintenance and care of distribution facilities are concerned, there is no great difference,—\$166,000 for the gas company, and \$135,000 for the water department. But the general and miscellaneous for the gas company amounted to \$193,000, compared with an aggregate of only \$122,000 for both administrative and commercial in the water department. For these two groups of expenses together, the total for the gas company was \$340,000, and it had still the further item of \$94,000 for new business!

This comparison shows forcefully that the city water department is doing a much more economical job for the public than the gas company. The city economy appears particularly in salaries for management and in allied overheads. The private company simply carries too much overhead for the simple administrative requirements involved in the distribution and delivery of gas.

Under these circumstances, the city should have the right to take over the gas system, and there is every reason to believe that it would do a more economical job than is being done by the company under present conditions. This does not mean that the company might not be able to operate as economically as the city, if it were pushed to do so. But the absentee control is naturally more interested in profits to be tapped off, rather than in rock-bottom economy for the public. And the best check to this abuse would be the untrammelled right to establish municipal ownership and operation.

THE NEW FAIR VALUE

The special case has general public interest also with regard to valuation. We have emphasized in this department the need of a fixed rate base for effective regulation. We have urged, moreover, that under present conditions as low a rate base could be legally established in most instances as would be practicable of realization. This view is strongly supported by our case, which brings out also certain fallacies encountered when efforts are made to adjust past valuations to the recent downward trends in prices and construction costs.

The particular gas property has been subjected to judicial surveys, and was the object of a famous Supreme Court decision nearly ten years ago, in which prudent investment received primary consideration. Later, in 1924, the same property was revalued by a federal master, and was lifted materially, because of the reproduction cost factor. In the recent case, a new valuation was presented, consisting of the 1924 figures as determined by the master, plus net additions and betterments down to date, with the base figures reduced about 10 per cent to give effect to the downward trends in recent construction costs.

The figures as thus presented to the commission were not based upon a resurvey of unit costs that would be incurred under present-day conditions of reconstructing the properties. Our contention was that present reproduction cost must be predicated not only upon present cost of labor and materials, but especially upon the most economical methods of construction now available for large-scale reconstruction, instead of piecemeal as actually constructed under conditions of operation. If these factors were properly taken into account, present-day reproduction cost of the whole distribution system would

probably be no greater than the actual cost, although about half of the properties were installed under pre-war conditions.

While we made no detailed valuation of the gas properties, and did not establish present-day unit prices under the principles just outlined, our analysis of the figures based on the price trends demonstrates the unreliability of this method, and shows that actually new unit prices should be established in fairness to the public under present-day conditions. In the case of meters, the average cost per meter, without construction overheads, amounted to \$18 per meter installed. But cross-examination showed that the present purchase price of the ordinary meter in use is only slightly over \$8, so that there would be left nearly \$10 for the work of installation. This, manifestly, is a ridiculous result, and shows the unreliability of the "trending" method, starting with the high reproduction cost as of 1924 and bringing that amount down to date with additions and betterments and applying ordinary construction price trends.

A like but somewhat less conclusive comparison appears in the valuation of gas mains. The average reproduction cost was presented at about \$1.60 per foot of mains. Most of the mains are of 4" size or less. On the basis of 6" mains, it appears that the present price of the pipe itself is about 50 cents per foot; so that the average as presented to the commission would allow \$1.10 for labor and the miscellaneous materials used in putting the mains in place. This, we submit, is not a credible figure, and again shows the impropriety of starting with a high reproduction cost figure of a past period and bringing the amount down to date on the basis of ordinary price trending.

We submit that under present-day conditions, taking into account the power trenching machines now available, the average cost of mains in place, under conditions of large-scale purchase and construction, would not exceed \$1.00 per foot. This would approximate the pre-war costs, and would eliminate the high valuations that were imposed on the properties some years ago, under the then existing reproduction cost basis. We are now preparing a valuation for the city on the basis of present conditions.

THE FALLACY OF PRICE TRENDING

The fallacy of the price-trending process as applied not only to the particular case, but generally, is that it does not provide for large-

scale purchases and installation, and does not take into account the reduction in amount of labor needed with the use of modern machinery and processes of construction. It is based principally upon small scale jobs of ordinary expansion programs, where the economies attainable on large jobs cannot be applied. All the ineconomies of piecemeal installation, of making additions and improvements while the property is being operated, are thus continued in the trend ratios and in the present reproduction cost thus presented.

The price trends commonly used are not based on comparisons of large-scale construction jobs, which would automatically take into account improved methods of construction, but on relatively small jobs on which such economies are not available. In the laying down of mains, for example, modern trenching methods could hardly be used for short stretches, but they would unquestionably be employed for the construction of an entire system. The proper ratio, therefore, to represent reproduction cost under present conditions, should not be the percentage of decline in costs for small jobs, nor even the decrease as between large jobs, but between past costs representing piecemeal installations while the properties were being operated, and present costs based upon large scale construction, with all its attainable economies. But such proper trends are difficult to compute; hence the better course is the establishment of new unit prices, without the use of cost trends.

To illustrate with respect to gas mains: while over a period of years the reduction in the wage rate may be only 10 per cent, the shift from hand to machine labor greatly reduces the quantity of labor required to lay the mains. It is principally this economy in labor that is ignored in the usual methods of trending applied to past costs or valuations to bring them down to date for present rate-making.

If present valuations are made on the reproduction cost basis, making allowance for large scale construction and the use of the most economical processes available, in our opinion the public now has little to lose in the general application of the reproduction cost method. If during the next three to five years, such rigorous reproduction costs were to be applied for the establishment of a fixed rate base, the public would obtain results which would slash off practically all over-valuations of the past. In most instances as low a figure could thus be established for the public as could practically be sustained in the face of the prevailing financial structures of the companies. It would, in any case, be impracticable to follow rigidly a valuation formula which would prevent many companies from meeting their fixed charges due to existing financial structures. Here is a practical limitation upon the future application of the reproduction cost theory if prices continue downward. We feel convinced, therefore, that the time is particularly appropriate for the establishment of a fixed rate-base.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY RUSSELL FORBES

Secretary

Recent Reports of Research Agencies.—The following reports have been received at the central library of the Association since May 1, 1931:

Atlantic City Survey Commission:

Report on Survey of Atlantic County.

Boston Finance Commission:

Reports and Communications, vol. XXVI.

Taxpayers' Research League of Delaware:

Public Welfare Administration in Delaware.

Detroit Bureau of Governmental Research:

The Herman Kiefer Hospital of Detroit.

The Condemnation Procedure of 24 Cities (re-issued).

Hawaii Bureau of Governmental Research:

Data on Financing of Public Improvements and Suggestions for a Ten-Year Improvement Program.

Kansas City Public Service Institute:

Health and Hospital Survey of Kansas City, Mo.

New York State Conference of Mayors and other Municipal Officials:

Lectures on Fire Fighting.

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Municipal Research in Chattanooga—1911 Model.—While browsing around in the code of ordinances of Chattanooga, John F. Willmott, director of the Bureau of Municipal Research of the Chamber of Commerce in that city, recently found a legal antique, which seems worthy of greater notice.

In 1911, the city commission of Chattanooga passed an ordinance creating a bureau of municipal research to be composed of seven members serving without pay. The members were to be appointed by the board of commissioners and the following five organizations were each asked to nominate one member: The Pastors' Association, the Central Labor Union, the Chamber of Commerce, the Manufacturers' Association, and the Women's Christian Temperance Union.

The bureau was given broad powers and was authorized to "make full investigation of existing conditions, and, from time to time, report to the

board of commissioners the result of such investigations together with such recommendations as, in its judgment, will promote the health and moral and social welfare of the city, particularly with regard to law enforcement, the prevention of vice, the improvement of parks and playgrounds and public schools, the cost of living, and the advancement of social service."

To enable the bureau to perform all these sundry duties, the city commission appropriated the sum of \$600 "or so much thereof as may be necessary!" Even so this appropriation proved excessive, for Willmott has found that only \$12 was spent in 1913 and only \$41.68 in 1914.

Little wonder then that Willmott found himself plowing virgin soil when he helped to organize the Research Bureau in Chattanooga two years ago.

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Hawaii Bureau of Governmental Research.—

In accordance with a request of the senate of Hawaii in 1929, the Hawaii Bureau of Governmental Research undertook an investigation of the bonded indebtedness of the Territory and its political subdivisions, its present financial position and recommendations for the financing of future capital expenditures. The Bureau also studied permanent improvements desired and recommends projects necessary for the next ten years. This report, complete with tables, was recently submitted to the legislature.

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Kansas City Public Service Institute.—

The Kansas City Public Service Institute has moved to new and larger quarters at 114 West Tenth Street. One of the purposes in making the change was to provide better library facilities so that more use can be made by the general public of the material on file.

On May 26 the voters of Kansas City approved bond issues totaling approximately \$40,000,000 for city and county purposes. These are to be spent over a period of ten years and are the result

of a study by a ten-year plan committee. The plan is not a complete financial plan in all respects, but at least it covers a schedule of bond expenditures for a ten-year period. This is discussed more fully elsewhere in this issue of the REVIEW. The Institute helped in the preparation of the program but took no active part in the campaign itself beyond furnishing information.

The Institute has begun a study of condemnation and special assessments in Kansas City for the Property Owners' Division of the Real Estate Board. The study is directed toward a possible revision of the entire condemnation and special assessment procedure, with a view to eliminating, if possible, several of the recognized outstanding defects of the present system.



Citizens' Bureau of Milwaukee.—The Condemnation and Benefit Assessment bill prepared by the City Attorney's office with the cooperation of William C. Bernard of St. Louis (placed at the disposal of the city administration by the Citizens' Bureau) has been passed by the two houses of the legislature. An amendment to the bill requires the approval of the Milwaukee electorate at referendum before it can become operative. At this writing the bill has not received the signature of the governor but plans are being formulated for the special election.

An unsuccessful effort was made to remove the strangling effect of the amendment passed in the 1929 legislature to the Home Rule Enabling Act which requires that all home rule legislation must "specifically designate all prior legislation affected." Our attorneys advise us that the city's power to enact a comprehensive home rule charter had been abrogated by this amendment. And thus was the proposed strong-mayor—P. R. charter prepared in 1928 scrapped.

A study of whether it was more advisable to extend Milwaukee's sewage disposal plant or to build a water filtration plant was made. The Citizens' Bureau recommended the former. The transfer of land necessary for this was authorized by the common council.



New Bedford Taxpayers' Association.—In common with a great many cities throughout the country, New Bedford found that the welfare and relief requirements for the past winter had been a great drain upon their operating budget, and it became necessary in the spring to face either a radical decrease in cost or an increase in taxes.

At the request of the mayor, the New Bedford Taxpayers' Association made an analysis of the pay roll of the city and worked out a number of possible schedules for reduction in wages based on a sliding scale with a greater per cent reduction for the higher paid officials. The schedule that was finally adopted and which was worked out by the Taxpayers' Association calls for a decrease of 10 per cent for all persons over \$4,000, no reduction for the scrubwomen and no decrease in personnel. This meant an average reduction of something like $7\frac{1}{2}$ per cent which was the reduction for the largest group on the city pay roll, school teachers, policemen and firemen. The Bureau questions the scientific quality of their method, but views with relief the annual saving of \$300,000.



National Institute of Public Administration.—An endowment of \$1,500,000 for the National Institute of Public Administration has been announced. The Institute has become affiliated with Columbia University. Under the arrangement, the future research projects of the Institute will be mapped out with the approval of the University. The general policy and direction of the Institute, however, will remain, as before, under the control of its board of trustees, and it will maintain its independent corporate existence.

Luther Gulick, director of the Institute, has been appointed to the Eaton Professorship of Municipal Science and Administration at the University, to take charge of the courses in municipal administration and to serve as liaison in the development of the work.

As a result of a survey of the Maine state government made by the National Institute of Public Administration during the summer and fall of 1930, Governor Gardiner recommended a plan of administrative reorganization to the legislature which met in January. This plan was embodied in an "administrative code" bill drafted by A. E. Buck of the Institute staff. After considerable modification of the plan, the bill was enacted by the legislature and signed by the governor on April 2. It abolishes some twenty-eight administrative agencies and sets up five departments. One of these departments combines all the health and welfare activities of the state. Another provides for an orderly and up-to-date system of fiscal procedure and control. A third establishes an independent audit of the state's finances.

NOTES AND EVENTS

EDITED BY H. W. DODDS

Developments in Municipal Ownership of Electric Light and Power.—The city of Jamestown, New York, has executed a contract for the purchase of the Niagara, Lockport and Ontario Power Company's distributing system in the Jamestown area. By this step the private system is amalgamated with the municipally owned system. Duplication of lines and services will be discontinued and the unit costs materially lowered, according to a statement by Karl Peterson, chairman of the Jamestown Utilities Board.

The city will continue for a period to buy power from the private company but eventually all the current will be generated by the municipal plant, which has been a severe competitor of private owners, who several months ago brought suit to compel the city to raise its rates. It was unsuccessful and the matter has been settled by sale to the city.

By recent action of the Michigan Supreme Court, the village of Allegan is now permitted to proceed with the construction and operation of an electric light plant, authority for which had been previously granted by the state legislature. A consumers' power company fought the proposal in a series of law suits which forced the city to suspend construction for a time. The recent action of the Supreme Court confirms the right of the village to condemn land owned by the power company necessary for a municipal power dam.

In the April election, Wyandotte, an important suburb of Detroit, voted against the sale of its municipal power plant to the Detroit Edison Company. The voters were convinced that the municipality was affecting definite financial economies by operating its own system.



Kansas City Approves Improvement Program.—On May 26, a series of bond issues totaling \$39,950,000 was submitted to the voters of Kansas City, Missouri. There were twenty separate projects, all of which were approved, the vote being about four and one-half to one. There was an unusual amount of interest in the election and an unusually large vote for a special

bond election. Projects and the amounts were as follows:

<i>City Projects</i>	
New city hall	\$4,000,000
Playgrounds, parks and boulevard improvements	2,750,000
Public hospitals	2,000,000
Public markets	500,000
Stadium and outdoor theatre . . .	750,000
Extension of fire department . . .	375,000
Extension of police department . .	125,000
Trafficways and boulevard improvements	8,300,000
Blue River flood protection and parkway projects	1,000,000
Water works system, including softening plant	3,500,000
Municipal auditorium	4,500,000
Sewers and sewer pumping system	1,500,000
Improvement of municipal airport	500,000
Streets, underpasses, safety islands and safety zones	200,000
Brush Creek sewer	1,000,000
Garbage and refuse incinerator . .	1,000,000
Total	\$32,000,000

<i>County Projects</i>	
New courthouse in Kansas city . .	\$4,000,000
Remodeling courthouse in Independence	200,000
New detention home and site . . .	250,000
County roads	3,500,000
Total	\$7,950,000
Grand total	\$39,950,000

The adoption of this bond program was the result of a number of years of agitation for a ten-year financial and improvement plan. The Kansas City Public Service Institute has been urging the preparation and adoption of such a plan as a means of controlling improvement expenditures and of securing an orderly schedule of improvements. The adoption of the bond program is not approval of a complete ten-year financial plan, but it at least is a program for improvements which are to be built in large part from bond funds.

The program was prepared by a citizens' com-

mittee, called the Civic Improvement Committee. This committee was headed by the president of the Chamber of Commerce, an outstanding citizen of Kansas City. It was undoubtedly due largely to his ability and forcefulness of personality that it was possible to secure the preparation and adoption of such a plan at this time. The Civic Improvement Committee consisted of 1,000 members. There were numerous subcommittees which did the rough work of analyzing suggestions, but the final program was prepared by the executive committee.

In the preparation of its program, the committee had before it detailed studies of the financial condition of the various local governments, including both revenues and expenditures of past years and estimates for the next ten years. The estimates of probable future revenues necessitated reduction of the program to \$40,000,000. While official approval of the estimates of operation expenditures and expenditures from other than bond funds has not been given, these estimates were the basis on which the program was prepared. Estimated tax rates were submitted for the entire ten-year period based on assumptions as to operation expenditures, assessment increases and schedule of expenditure of bond funds.

A tentative schedule of order of expenditure of funds was prepared. The council resolution, however, simply provided that not more than one-tenth of the amount of bonds for city purposes be spent in any one year unless a smaller amount was spent in a previous year.

A citizens' advisory committee of ten members has been appointed to follow up the expenditure of the funds. Its purpose is to insure, so far as possible, that the funds will be spent as programmed, unless changes prove desirable, and that there will be no waste of funds.

WALTER MATSHECK.



Summary of 1931 State Purchasing Legislation.—Centralized purchasing was adopted by two states, and the purchasing system of two other states was strengthened, at the 1931 sessions of the legislatures. In Maine, a bureau of purchases is included in the new department of finance. This bureau will have power to buy for all departments and institutions of the state government, except the University of Maine, the state normal schools, and the legislature. Centralized purchasing was recommended in the

survey report on the state government of Maine conducted in 1930 by the National Institute of Public Administration, and was supported by Governor Gardiner as a part of his reorganization program. The new law was to take effect on July 5, but may be held up until approval at popular referendum this coming fall provided the opponents of state reorganization make good on their threat to file petitions with the governor calling for a special referendum vote.

The North Carolina legislature created a division of purchase and contract in the governor's office and gave it power to contract for all the departments and institutions of the state, except the supreme court and the legislature. The law was drafted by the executive counsel of the state and by the writer in accordance with the recommendations of the Brookings Institution as set forth in the report of their 1930 survey of the state government.

In so far as it is possible to do so by law, the Maine and North Carolina statutes will provide very satisfactory purchasing systems. In each state a standardization committee is created and is given power to formulate, adopt and enforce standard specifications. In Maine the standardization committee will also assist in the adoption and amendment of rules and regulations to provide the details of the purchasing system. In both states this committee represents the governor, the purchasing office and the using agencies. The state purchasing agent of North Carolina is required to have had at least two years' practical purchasing experience in a public or private purchasing office, prior to his appointment by the governor. In both states, the purchasing agent will be encompassed about by the very minimum of procedural red tape and statutory restrictions upon his freedom of action.

When these two new laws become effective, thirty-seven states will have adopted centralized purchasing for all departments or institutions or both.

In the closing days of its 1931 session, the legislature of New Jersey passed a law designed to strengthen the present purchasing department. The law is intended to continue the present purchasing agent in office until the expiration of his term, after which the purchasing agent will be appointed by the governor for a term of five years. A standards and specifications committee is created, with about the same personnel and powers as the comparable committee created by the Maine and North Carolina

statutes. Standardization is seriously weakened in New Jersey, however, through the provision that any using agency may veto the standard adopted by the committee and may substitute its own standard specification. This law was a part of the reorganization program sponsored by the state audit and finance commission, commonly known as the Abell Commission.

The 1927 law providing centralized purchasing for Utah was amended at the 1931 session of the legislature. The governor, secretary of state and attorney-general constitute the board of supplies and purchase with power to prepare the budget, fix and standardize salaries and make a pre-audit of all expenditures, in addition to acting as the central purchasing agency for all state departments and institutions, including all state colleges and the university.

RUSSELL FORBES.



Missouri Adopts Progressive Income Tax Law.—Missouri, as a result of action taken at the recent legislative session, joins the ranks of those states levying a progressive income tax. In 1917 Missouri adopted a general income tax law which imposed a flat rate of $\frac{1}{2}$ per cent upon the taxable net income of individuals and corporations. This rate was increased to $1\frac{1}{2}$ per cent in 1919. Since 1921, however, the rate has been 1 per cent. The law of 1931 which will go into effect ninety days after the adjournment of the present legislature imposes the following rates upon the net taxable incomes of individuals (gross income less legal deductions and personal exemptions):

- 1% on net incomes not exceeding \$1,000
- $1\frac{1}{2}\%$ less \$5 on net incomes from \$1,000 to \$2,000
- 2% less \$15 on net incomes from \$2,000 to \$3,000
- $2\frac{1}{2}\%$ less \$30 on net incomes from \$3,000 to \$5,000
- 3% less \$55 on net incomes from \$5,000 to \$7,000
- $3\frac{1}{2}\%$ less \$90 on net incomes from \$7,000 to \$9,000
- 4% less \$135 on net incomes in excess of \$9,000

Corporations under the new law will pay a flat rate of 2 per cent on all income derived from business in Missouri. This is just double the old rate. A resident of Missouri must pay the graduated tax on his income from all sources; non-residents must pay on income derived from

sources within the state. Personal exemptions are \$1,000 for a single person, \$2,000 for a head of a family, and \$200 for each dependent.

Administration of the state income tax in Missouri has not been very satisfactory. This has been due mainly to the system of local and decentralized administration set up in the original act of 1917. The county and township assessors, the similar organization of tax collectors, and about a dozen employees in the state auditor's office comprise the present organization for state income tax administration. While the new law does not abolish the system of local assessment and collection, drastic provisions have been inserted to insure greater efficiency of administration. One section takes advantage of the federal regulations under which the federal government will give the state a list of all federal income taxpayers in the state on the request of the governor. A requirement has also been included to the effect that every person making a state income tax return must file with it a copy of his federal tax return. The state auditor is provided with three division deputies to direct the checking of the tax returns, and his force of examiners is increased from ten to twenty. Severe penalties are imposed for evasion and for violation of any provisions of the law.

The new tax law, it is estimated, will add approximately \$6,000,000 to the state's annual income tax revenues, which are at this time approximately \$4,000,000. It is expected that the additional revenues will result in extensive improvements in the rural public schools and improvements in the facilities at the state educational, eleemosynary, and penal institutions.

MARTIN L. FAUST.



Fate of C. M.-P. R. Bills in Pennsylvania.—The Pennsylvania legislature, after an abnormally long session whose concrete accomplishments have been summarized in three words, "appropriations, apportionment, adjournment," closed in May without favorable action on any of the five bills before it to make the city manager plan and proportional representation optional for municipalities by popular vote.

In this as in other fields, however, the legislature served a useful function as a public forum for dramatizing vital issues. On April 14, municipal home rule, the city manager plan, and proportional representation were ably debated in the house of representatives for an hour. The bill to make C. M.-P. R. government optional for

Pittsburgh and small cities was defeated by the close vote of 103 to 91. The defeat was caused primarily by the active opposition to the Pittsburgh machine which used its trading power to split Governor Pinchot's majority on this issue, although the governor had declared himself publicly in favor of the legislation.

The Philadelphia optional P. R.-Manager bill was supported at an impressive hearing by Secretary of the Commonwealth Richard J. Beamish and representatives of Philadelphia organizations with a total membership of a quarter of a million; but the measure never emerged from committee. Although the majority of the house committee were favorable in principle to the C. M.-P. R. measures, they concluded that the Philadelphia bill had no chance of passage in the senate and, therefore, agreed to its suppression in return for twenty-five Philadelphia votes for the P. R.-Manager bill for other cities. But these votes proved insufficient for the passage of the Pittsburgh measure; and the three remaining bills, including one to make the manager plan without proportional representation optional for third-class cities, died in committee.

Notwithstanding the defeat of the above measures, certain concrete gains were made towards the attainment of municipal home rule. Accomplishments to be noted include the passage through one house of a general home rule enabling act; the endorsement of the optional P. R.-Manager charters by eight important state organizations, including the State Grange, Pennsylvania Federation of Labor, Pennsylvania Association of Boroughs, the executive board of the State Federation of Pennsylvania Women, and the principal women's groups of the Republican and Democratic parties. Another result was the formation at the instigation of the Proportional Representation League of a state-wide municipal charter committee, under the presidency of Dr. J. Horace McFarland, which will lend support to such legislation in future sessions. Another victory was the endorsement of optional manager legislation (without action on proportional representation) by the State Chamber of Commerce.

GEORGE H. HALLETT, JR.



Training for Government at the University of Southern California.—Establishment of the School of Public Administration, a major division founded in March, 1929, by the University of

Southern California, as a school of minor statesmanship, looms as a significant event in the field of higher education.

"With the growth of cities and the increasing concentration of population in metropolitan areas, government has become more complex, and the need for men and women trained in the administration of public affairs is pressing," states President R. B. von KleinSmid, who declares that it is the province of the modern university to prepare people for specialized public service.

Full-time professional school curricula with majors in special fields leading to the degree of Bachelor of Science in Public Administration are provided. Part-time extra-hour courses designed for those in public service is also given at Southern California. An additional graduate year curriculum leading to the professional degree, Master of Science in Public Administration, available to full-time and part-time students is likewise offered.

Professor Emery E. Olson is dean of the School of Public Administration. An advisory committee consists of the deans of the Law School, College of Engineering, the School of Social Welfare, the College of Commerce and Business Administration, as well as the departments of political science and physical education at U. S. C.

In addition to fundamental courses in economics, science, psychology, sociology, and public speaking, special courses are given in principles of government, municipal administration, city planning, public health, sanitary engineering, governmental finance, municipal law, juvenile welfare, water supply, public utilities, police administration, fire prevention and control, taxation, airport management, air law, social welfare administration, and criminal law administration.

In addition to the regular day-time campus courses, evening work is concentrated in a convenient and suitable location in the Los Angeles Civic Center, with the Los Angeles City Hall offices as actual laboratory locations and classrooms.

A new government research library has been established at the University of Southern California in connection with the School of Public Administration. Government and municipal reports, city charters representative of the various forms of city government in America, state budget reports, and city manager reports are constantly being added.

An annual one-week institute of public administration is sponsored by the School of Public Administration and attended by public officials and personnel—mayors, city managers, commissioners, councilmen, department heads and their staff members—with national and sectional authorities and experts leading round table discussions, lecturing, conducting conferences, and heading forums on specific fields.

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Special Assessment Debt Limited in California.—Special assessment relief in California has been afforded by the signing of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 by Governor Rolph. The act restores to the people the power to defend their property against confiscation under the guise of progress. It provides that any project may be halted for one year by a protest of a majority of the affected property owners. Under the laws in effect up to this time, any protest of the taxpayers could be over-ruled by the local legislative body, and unnecessary and burdensome public improvements were often forced on the people.

Two definite limitations on the amount of special assessments are provided. First: No parcel of land may be assessed more than 50 per cent of its true value for any one project. Second: The total special assessment burden in the district may not exceed 50 per cent of the true value of all the lands in the district. This second limitation is designed to stop the pyramiding of special assessments, which occurs when several districts overlap.

The act also makes it necessary that each project be fully investigated and the basic facts supplied the taxpayers by mail before the improvement can be started or the ordinance of intention adopted.

Much of the protection offered by this law is null without definite action by the property owners. The act allows the city council or county board of supervisors, if they find after study that the cost of the improvement will not exceed the above limitations, to send out a notice of the proposed assessment. Attached to

this notice is a return postcard on which the property owner may "demand" or "not demand" the use of the Special Assessment Investigation, Limitation and Majority Protest Act.

If the owners of at least 15 per cent of the area of the district do not demand the operation of the act, the legislative body is "at full liberty to proceed" with the improvement and disregard the provisions of the act, except the provision for an effective majority protest.

CALIFORNIA TAXPAYERS' ASSOCIATION.

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National Conference on Rural Government.—Rural Government will be the topic of the Fourteenth Annual American Country Life Conference to be held at Cornell University, August 17–20, 1931, under the presidency of Dr. Liberty Hyde Bailey. The Conference will include forums on County Organization and Management; Village and Township Government; Taxation; Public Education; Health and Social Welfare; and Rural Planning (Land Utilization, Reforestation, Electrification and Roads), as phases of rural government. National leaders in the study and improvement of rural government will be among the speakers. Announcements may be had from Dr. Dwight Sanderson, Cornell University, Ithaca, N. Y., or Dr. B. Y. Landis, Secretary, American Country Life Association, 105 East 22nd Street, New York City.

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County Consolidation in Georgia.—Fulton County, Georgia (in which Atlanta is located), has voted to consolidate with Campbell County. As Campbell County had already voted for consolidation the matter is now settled. The enabling act authorizing consolidation provides that all the property of Campbell County shall become the property of Fulton County and that Fulton County shall assume all bonded indebtedness and current liabilities of Campbell County. All Campbell County records are to be transferred to the Fulton County Court House and Campbell County offices are to be abolished. Fulton's population is 318,000; Campbell's slightly less than 10,000.